Marksans Pharma Ltd.

Annual Report 2010-11

Board of Directors

Mr. Mark Saldanha	-	Chairman & Managing Director
Mr. V. Nagaraj (upto 28-06-2011)	-	Whole Time Director
Mr. Mahesh B. Parikh	-	Director
Mr. Kumar Nair (upto 02-11-2010)	-	Director
Mr. Ajoy S. Joshi (w.e.f. 02-05-2011)	-	Director

Company Secretary & Legal Manager
Mr. Harshavardhan Panigrahi

Auditor
M/s. N.K. Mittal & Associates
Chartered Accountants

Legal Advisors
M/s. Crawford Bayley & Co.

Bankers
State Bank of India
Bank of India
Corporation Bank
Lakshmi Vilas Bank Limited

Share Transfer Agent
Big Share Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri (East), Mumbai - 400 072.

Registered Office
11th Floor, Lotus Business Park,
Off New Link Road, Andheri (West),
Mumbai - 400 053.

Works
I L-82 & 83, Verna Industrial Estate, Verna, Goa - 403 722.
II Bell, Sons & Co. (Druggists) Ltd.
Gifford House, Slaidburn Crescent, Southport, PR9 9AL

19th Annual General Meeting

Day & Date	:	Thursday, 29th Septemebr, 2011
Time	:	10.30 a.m.
Venue	:	GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai - 400 053.

Index

NOTICE

To the Members of Marksans Pharma Limited,

NOTICE is hereby given that the 19th Annual General Meeting of the Members of Marksans Pharma Limited will be held on Thursday, the 29th September, 2011 at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai 400 053, at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2011, the Profit and Loss Account for the period ended as on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. M. B. Parikh who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, Dr. Balwant Shankarrao Desai in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose him as a candidate for the office of the Director of the Company together with necessary deposits, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in terms of the Articles of Association of the Company consent of the members of the Company be and is hereby accorded to the appointment of Dr. Balwant Shankarrao Desai, as Whole Time Director (Quality & Regulatory Affairs) of the Company for a period of three (3) years with effect from 29th September, 2011 on the following remuneration :

Particulars	Amount in Rs. Per Month
Basic Salary	76,000.00
House Rent Allowance	38,000.00
Transportation Allowance	800.00
Leave Travel Allowance	6,333.33
Medical Allowance	6,333.33
Bonus	15,200.00
Provident Fund	9,120.00
Gratuity	3,290.80
Total Remuneration Per Month	Rs. 1,55,077.47
Total Remuneration Per Annum	Rs. 18,60,929.60

RESOLVED FURTHER THAT Dr. Balwant Shankarrao Desai shall be provided with Company's car with driver for use in company's business.

RESOLVED FURTHER THAT the remuneration payable to Dr. Balwant Shankarrao Desai shall be subject to deduction of tax as per the provisions of the Income Tax Act.

RESOLVED FURTHER THAT the remuneration payable to Dr. Balwant Shankarrao Desai does not exceed the limits laid down in Sections 198 and 309 of the Companies Act, 1956, or any statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT in any financial year during the currency of the tenure of Dr. Balwant Shankarrao Desai, the Company has no profits or its profits are inadequate the Company will pay remuneration as specified above, as the minimum remuneration, provided that the total remuneration shall not exceed the ceiling as provided in part II of Schedule XIII to the Companies Act, 1956, as amended.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to increase remuneration of Dr. Balwant Shankarrao Desai during his tenure within the limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do such acts, deeds and things as may be necessary in this regard."

6. To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956, if any (including any statutory modification(s) or re-enactment thereof, for the time being in force), and pursuant to the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations) as in force and subject to other applicable rules, regulations and guidelines of Securities and Exchange Board of India (SEBI) and the provisions of Foreign Exchange Management Act, 1999 and rules and regulations framed there under and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into between the Company and the Stock Exchanges, where the shares of the Company are listed and subject to requisite approvals, consents, permissions and/or sanctions, if any of the SEBI, the Stock Exchanges and all other authorities, including Reserve Bank of India, as may be required and subject to such conditions as may be prescribed by any of them while granting any such approvals, consent, permissions, and/or sanctions, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include committee of directors as constituted or hereinafter constituted to exercise its powers including powers conferred by this resolution) the Board is hereby authorised to create, offer, issue and allot, from time to time, in one or more tranches, upto 1,75,00,000 (One Crore Seventy Five Lacs only) Warrants on a preferential basis to Mr. Mark Saldanha and/or other Promoters and/or Promoter Group of the Company, entitling the holder of each Warrant, from time to time, to apply for and obtain allotment of one equity share of the face value of Re. 1/- each against such Warrant (hereinafter referred to as the Warrants), in one or more tranches, In such manner and on such price, terms and conditions as may be determined by the Board in accordance with the ICDR Regulations or other provisions of law as may be prevailing at the time, provided that the minimum price of the Warrants so issued shall not be less than the price arrived at in accordance with the provisions of Chapter VII of ICDR Regulations."

"RESOLVED FURTHER THAT the Relevant Date for the preferential issue of Warrants, as per the ICDR Regulations, as amended upto date, for determination of applicable price for issue of the above mentioned Warrants is 30 days prior to 29th September, 2011, being the date of the Annual General Meeting where this Resolution will be considered."

"RESOLVED FURTHER THAT the equity shares allotted on conversion of Warrants in terms of this resolution shall rank pari passu in all respects including as to dividend, with the then existing fully paid up equity shares of face value of Re. 1/- each of the Company, subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient to the issue or allotment of aforesaid Warrants and listing of the Equity Shares on conversion with the Stock Exchange(s) as appropriate and to clarify, resolve and settle all questions and difficulties that may arise in relation to the proposed issue and allotment of any of the said Warrants, the utilisation of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred by this resolution on it to Committee of Directors, any other Director(s) or Officer(s) of the Company to give effect to the aforesaid resolution."

By order of the Board of Directors

Harshavardhan Panigrahi
Company Secretary and Legal Manager

Mumbai
Dated : 26th August, 2011

NOTES:

a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE MEMBER OF THE COMPANY. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

b) The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 24th September, 2011 and will remain closed till Thursday, the 29th September, 2011 (both days inclusive).

c) Shareholders desiring any information as regards the Accounts are requested to write to the Company at least 8 days In advance so as to enable the Management to keep the Information ready.

d) Members holding shares in physical form are requested to immediately intimate to the Company's Share Transfer Agents, changes, if any, in their registered address along with the PIN code number. Members holding shares in dematerialized mode are requested to forward intimation for change of address, if any, to their respective Depository Participant.

e) Trading in the Company's shares through Stock Exchange is permitted only in dematerialized /electronic form. The equity shares of the Company have been inducted in both National Securities Depository Limited and Central Depository Services (India) Limited to enable shareholders to hold and trade the securities in dematerialized /electronic form. In view of the numerous advantages offered by the Depository System, members holding shares of the Company In physical form are requested to avail of the facility of dematerialization.

f) In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. The shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's Share Transfer Agent M/s Bigshare Services Private Limited for nomination form quoting their folio number. Shareholders holding shares in dematerialized form should write to their Depository Participant for the purpose.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4 & 5

Company has received notice from a member, Under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Dr. Balwant Shankarrao Desai as a Director of the Company.

Dr. Balwant Shankarrao Desai is the head of Quality & Regulatory Affairs of the Company's plants at Goa. He has been associated with the Company since 07th March, 2006. Prior to joining Marksans Pharma Limited, he was associated with Alembic Ltd as Vice President – Quality & Regulatory Affairs. He is a Bachelor of Science in Chemistry, Master of Science in Analytical Chemistry. He has also done Ph.D. in Analytical Chemistry. He has about 23 years of experience in quality management systems as per national and international requirements, preparation and submission of Dossiers of drug products and ANDA application for registration of products in US, Europe and other countries. He has also been instrumental in obtaining international regulatory approvals from US FDA, UK MHRA and other global health authorities. His in depth knowledge and experience in the aforesaid field shall be of great help to the Company in the long run, if appointed as a Whole – Time Director.

The Board, therefore, recommend his appointment as a Whole – Time Director in the accompanying notice for approval of the Members.

His detailed salary break up as Whole – Time Director (Quality & Regulatory Affairs) is forming the part of the resolution for his appointment. Members are requested to treat this as disclosure as required Under Section 302 of the Companies Act, 1956.

The Board, therefore, commends this item of the accompanying notice for approval of the Members.

Save and except, Dr. Balwant Shankarrao Desai, no other Directors of the Company are interested or concerned in the resolution.

ITEM NO. 6

In order to strengthen the capital base of the Company and to enhance its long term resources and consolidate the financial structure, the Company has been exploring various options for raising funds. One of the options considered appropriate under the current circumstances by the Board of Directors of the Company, at its meeting held on 26th August, 2011, subject to necessary approval(s), is the issuance upto 1,75,00,000 (One Crore Seventy Five Lacs Only) Warrants through preferential offer to Mr. Mark Saldanha and /or other Promoters of the Company. The price at which such Warrants shall be converted over a period of 18 months from the date of allotment shall be the price determined as per the ICDR Regulations.

The details of the issue and other particulars as required in terms of the Chapter VII of ICDR Regulations in relation to the abovesaid Special Resolution are given as under:

I. The Objects of the issue through preferential offer:

The proceeds of the preferential offer are proposed to be used to strengthen the capital base and to enhance long term financial resources of the Company in order to augment future growth prospects and consolidate financial structure of the Company.

II. The Intention of the promoters/directors/key management persons to subscribe to the offer:

The preferential issue is being made to Mr. Mark Saldanha and /or other promoters of the Company. As such this resolution is being sought to approve subscription to the Warrants by Mr. Mark Saldanha and /or other promoters that are being offered through this resolution. Mr. Mark Saldanha and /or other promoters, either individually or in concert intend to subscribe the entire 1,75,00,000 Warrants under the Preferential Issue.

III. Securities to be issued:

The resolution set out in the accompanying Notice authorises the Board to issue to Mr. Mark Saldanha and /or other promoters 1,75,00,000 Warrants entitling the holder(s) of each Warrant to apply for and obtain allotment of one equity share of face value of Re. 1/- each against each Warrant in such manner and on such price, terms and conditions as may be determined by the Board in accordance with the provisions of Chapter VII of ICDR Regulations.

IV. Relevant Date:

The Relevant Date for the purpose of determining the pricing of shares arising out of Warrants in accordance with Chapter VII of the ICDR Regulations is 30 days prior to the date of passing of resolution (i.e. 29th September, 2011 being the date of the Annual General Meeting where the accompanying resolution will be considered).

V. Terms of Issue of Warrants:

1. The proposed allottee(s) of Warrants shall, on the date of allotment, pay an amount equivalent to at least 25% of the price fixed per Warrant in terms of the Chapter VII of ICDR Regulations.

2. The holder(s) of each Warrant will be entitled to apply for and obtain allotment of one equity share of face value of Re.1/- each of the Company against each Warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. At the time of exercise of entitlement, the Warrant holder(s) shall pay the balance of the consideration towards the subscription to each equity share. The amount so paid will be adjusted/set-off against the issue price of the resultant equity shares.

3. If the entitlement against the Warrants to apply for the equity shares is not exercised within the aforesaid period, the entitlement of the Warrant holder to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such Warrant shall stand forfeited.

4. Upon receipt of the requisite payment as above, the Board (or a Committee thereof) shall allot one equity share per Warrant by appropriating Re. 1/- towards equity share capital and the balance amount paid against each Warrant, towards the securities premium.

5. In the event of the Company making a bonus issue by way of capitalisation of its reserves, prior to allotment of equity shares resulting from the exercise of the option under the Warrants, the number of shares to be allotted against such Warrants shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium shall stand reduced pro tanto.

6. In the event of the Company making a rights offer by way of issue of new equity shares prior to allotment of equity shares resulting from the exercise of the option under the Warrants, the entitlement of the equity shares under the Warrants shall stand increased in the same proportion in the rights offer and such additional equity shares will be offered to the Warrant holder at the same price at which the existing shareholders are offered equity shares.

7. The Warrant(s) by itself until converted into equity shares, does not give to the holder(s) thereof any rights with respect to that of a shareholder of the Company except as specified above.

8. The equity shares issued as above shall rank pari passu in all respects including with respect to dividend, with the then fully paid up equity shares of the Company, subject however to the provisions of the Memorandum and Articles of Association of the Company.

VI. Lock-in period:

The Warrants allotted on a preferential basis to Mr. Mark Saldanha and /or other promoters (and the shares allotted to them) pursuant to exercise of options attached to Warrants issued on preferential basis, shall be subject to lock-in period for such period as specified under Chapter VII of ICDR Regulations relating to preferential issues.

VII. Particulars of subscriber to Warrants:

Mr. Mark Saldanha and /or other promoters of the Company intend to subscribe, either individually or in concert, the entire 1,75,00,000 Warrants under the Preferential Issue.

VIII. Under Subscription, If any:

Any of the Warrants issued as above that may remain unsubscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any person / entity / investor on the same terms and conditions.

IX. Shareholding Pattern pre and post Preferential Offer:

The shareholding pattern giving the present position as also considering full allotment of warrants to Mr. Mark Saldanha and /or other promoters and equity shares arising out of the conversion thereof, as per Resolution of the Notice are given below:

Category	Pre Allotment Holding		Post Allotment Holding (After exercise of Warrants)	
	No. of Shares	**%**	**No. of Shares**	**%**
Promoter and Promoters Group	177983510	48.39	195483510	50.73
Mutual Funds / UTI	-	-	-	-
Financial Institution / Banks	10000	-	10000	-
FIIs	1210507	0.33	1210507	0.31
Non Resident Indians / OCB	14711188	4.00	14711188	3.82
Resident Indians / Others	173891999	47.28	173891999	45.14
Total	**367807204**	**100**	**385307204**	**100**

Promoter and Promoters Group		Pre Allotment Holding		Post Allotment Holding (After exercise of Warrants)	
Name of Promoters		**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Mr. Mark Saldanha	177982910	48.39	195482910*	50.73
2.	Mrs. Blanche Saldanha	180	-	180	-
3.	Mr. Gracias Saldanha	180	-	180	-
4.	Mrs. Sandra Saldanha	180	-	180	-
5.	Mrs. Natie Fernandes	20	-	20	-
6.	Mrs. Theresa Rosario	20	-	20	-
7.	Mr. Saimone Fernandes	20	-	20	-
	Total	**177983510**	**48.39**	**195483510**	**50.73**

* It is presumed that the entire warrants will be subscribed by Mr. Mark Saldanha only.

X. Proposed time within which the allotment shall be completed:

As required under the Chapter VII of ICDR Regulations, the Company shall complete the allotment(s) of Warrants as aforesaid on or before the expiry of 15 days from the date of passing of resolution by the members in the Annual General Meeting or in the event allotment of Warrants would require any approval(s) from any regulatory authority or the Central Government, within 15 (fifteen) days from the date of such approval(s), as the case may be.

XI. Others:

The certificate of the Statutory Auditors to the effect that the present preferential offer is being made in accordance with the requirements contained in Chapter VII of ICDR Regulations will be open for inspection at the Registered Office of the Company.

As it is proposed to issue Warrants on preferential basis, special resolution is required to be approved by members pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and Chapter VII of ICDR Regulations. Your Directors, therefore, recommend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the above referred resolution except Mr. Mark Saldanha who intends to subscribe the entire issue of the Warrants.

By order of the Board of Directors

Harshavardhan Panigrahi
Company Secretary and Legal Manager

Mumbai
Dated : 26th August, 2011

Important Communication

The Ministry of Corporate Affairs, vide its Circular No. 18/2011 dated 29th April, 2011, has clarified that as a measure of "Green initiative in Corporate Governance" it will be in compliance if the Annual Report is sent to the shareholders through e-mail. To support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the Depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's Registrar and Transfer Agent M/s Bigshare services Pvt. Ltd. and also update the e-mail address as and when there is any change.

DIRECTOR'S REPORT

The Directors take pleasure in presenting the 19th Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Rs./Lac)

Particulars	**2010-11**	**2009-10**
Turnover	15543.76	19956.21
Profit/(Loss) Before Depreciation, Taxation & non recurring items	(9628.43)	1046.59
Less: Depreciation	1464.38	983.92
Provision for Taxation	138.49	8.50
Non Recurring Items	10201.47	-
Deferred Tax	346.14	25.19
Net Profit/(Loss) for the year	(21778.91)	28.98
Add: Profit & Loss A/c. Balance at the beginning of the year	6505.73	6476.75
Balance Carried to Balance Sheet	(15273.18)	6505.73

OPERATIONS:

During the year ended 31st March, 2011, total turnover achieved by your Company was Rs. 15543.76 Lacs as compared to previous year of Rs. 19956.21 Lacs, i.e., a decrease of Rs. 4412.45 Lacs mainly due to sale of the API business. The year under review has registered a net loss of Rs. 21778.91 Lacs as compared to net profit Rs. 28.98 Lacs in the previous year. This is mainly due to loss on the sale of API Business of Rs. 8663.88 Lacs, provision of redemption premium of FCCBs of Rs. 9017.33 Lacs and provision of foreign exchange loss on FCCBs of Rs. 2363.45 Lacs. Baring the aforesaid constraints, operational performance of the Company mainly international formulation business is improving gradually.

RESEARCH AND DEVELOPMENT:

The global challenges for the Indian pharma industry at large have increased several folds in the face of the transition from process to product patent regime in India from 2005 and to face the challenge, your company has continuously sharpened its focus on R & D, which is the need of the hour and will continue to commit funds to strengthen R & D capabilities. In fact, one of the Company's biggest strength lies in vibrant and productive R & D function that has continuously placed Marksans Pharma Ltd. ahead through consistent development of niche technology, processes and products. Your company will continue to invest in R & D to keep pace with the changing domestic and global scenario. During the year, your company continued product development and dossier filing in US, Europe and other emerging markets.

DISPOSAL OF API PLANTS

Due to severe pricing pressure, foreign exchange fluctuations and rising raw material prices, Active Pharmaceutical Ingredient (API) division of your company located at Kurkumbh, Pune was not performing well. As a measure of restructuring business model, the Company has, with the approval of the shareholders, hived off this API division and a Business Transfer Agreement signed in this regard with Kores (India) Limited on 28th July, 2010. Consequently, the Company has sold the API business to Kores (India) Limited in July, 2010 on a slump sale basis, resulting into loss of Rs. 8663.88 Lacs.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

The current outstanding of principal value of FCCBs is USD 43,999,000 (Rs. 19949.85 Lacs) and a further redemption premium of USD 19.89 Mn. (Rs. 9017.33 Lacs). The FCCBs have become due for redemption in November, 2010. The redemption premium of USD 19.89 Mn. (Rs. 9017.33 Lacs) has become payable alongwith the principal amount of USD 43,999,000 (Rs. 19949.85 Lacs) (total due USD 63.89 Mn or Rs. 28967.18 Lacs). However, the FCCBs have not been redeemed on the due date due to financial constraints. The Management was in constant discussion with the bond holders for restructuring of the FCCBs and were offered various options. However, the negotiation has not yielded any result as on the date of this report.

The Company has provided for these liabilities in its books of accounts resulting into further erosion of its net worth. Further, due to the redemption default, there will be a default interest payable at 8% p.a. from the due date of redemption. No provision for default interest has been made in the books of accounts.

EROSION OF NET WORTH AND REFERENCE TO BIFR

After making of provision of loss on the sale of API business amounting to Rs. 8663.88 Lacs, redemption premium on the FCCBs of Rs. 9017.33 Lacs and foreign exchange loss on FCCBs of Rs. 2363.45 Lacs in the books of accounts for the year ended 31st March, 2011, the Net Worth of the Company as on 31st March, 2011 has been completely eroded. Therefore, the Directors have formed an opinion that the Company has become a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and it is mandatory under the provisions of the said Act to make a reference to the Board for Industrial and Financial Reconstruction for determining measures that will be adopted with respect to the Company. Under the circumstances, the Directors will make a reference to the Board for Industrial and Financial Reconstruction within the stipulated time after the adoption of the accounts by the Shareholders in the forthcoming AGM.

INTERNAL CONTROL SYSTEMS:

Your company has in place adequate system of internal control and management information systems which covers all financial and operating functions. These systems are designed in a manner which provides assurance with regard to maintenance of strict accounting control, optimum efficiency in operations and utilization of resources as well as financial reporting, protection of Company's tangible and intangible assets and compliance with policies, applicable laws, rules and regulations.

INFORMATION TECHNOLOGY:

Your company continues to make required investments in the Information Technology area to cope up with the growing information needs necessary to manage operations efficiently.

HEALTH, SAFETY & ENVIRONMENT:

Your company is committed to ensure sound Safety, Health and Environment performance related to its activities, products and services. Your company is also committed to strengthen pollution prevention and waste management practices and to provide a safe and healthy environment.

DIVIDEND:

In view of net loss during the year under review, The Board of Directors is not recommending any dividend for the financial year ended 31st March, 2011.

FIXED DEPOSITS:

During the year under review, your company has not accepted any deposits.

DIRECTORS RESPONSIBILITY STATEMENT:

In terms of provisions of Section 217(AA) of the Companies Act, 1956 the Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2011 and the Profit and Loss Account for the period ended 31st March, 2011;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

CONSOLIDATED FINANCIAL STATEMENTS:

In compliance with the Accounting Standard - 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year under review. From the Consolidated Profit and Loss Account, it may be observed that the turnover stands at Rs. 30,531.80 Lacs as compared to Rs. 35,936.58 Lacs during the previous financial year and net loss after tax stands at Rs. 22,324.45 Lacs as compared to Rs. 1,004.35 Lacs in the previous year. This is mainly on account of loss on the sale of API Business, provision of redemption premium of FCCBs and provision of foreign exchange loss on FCCBs of Rs. 2363.45 Lacs.

SUBSIDIARIES:

Performance of Bell, Sons & Co. (Druggists) Limited (wholly owned subsidiaries of Marksans Pharma (UK) Limited), which operate in the European market, has improved in comparison to the previous year so far as sales in concerned. However, profit after tax has reduced mainly due to higher expenses incurred on new product development and interest costs. The performance of Relonchem Limited (wholly owned subsidiaries of Marksans Pharma (UK) Limited), which also operate in the European market is satisfactory, though not as expected, considering the adverse economic scenario in that market and changed ownership structure. Though turnover has reduced, the loss after tax has also reduced. The business model of the Company has now been changed to secure sustained profitable growth in the years ahead.

Nova Pharmaceuticals Australasia Pty Ltd. (your Company holds 60% of the share capital) which operates mainly in Australia, is doing well.

Pursuant to a Central Government's Circular dated 8th February, 2011, the audited accounts together with Director's Report and Auditor's Report of the subsidiaries namely M/s. Nova Pharmaceuticals Australasia PTY Limited and M/s. Marksans Pharma (U.K.) Limited are not being appended to the Annual Report. However, a statement giving information in aggregate for each subsidiary including subsidiaries of subsidiaries are attached to the Consolidated Balance Sheet.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

EMPLOYEES:

There is no employee drawing remuneration exceeding

Rs. 60 Lacs per annum or Rs. 5 Lacs per month during the year ended 31st March, 2011 and therefore, provision of Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employee) Rules 1975, as amended up to date does not apply.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS:

The guiding principle of HR Policy at Marksans is that the "Intellectual Capital" and dedication of employees will help the Company emerge as a successful player in this highly competitive scenario.

The recruitment procedure ensures that people with talent and the right skill sets are selected. Nurturing of talent and a Performance Management System (PMS) is in place to ensure that the coordinated efforts of our people lead to achievement of the Business Goals of the Company.

Empowerment and a motivational package ensure that employees keep performing at peak levels. The HR Policy is directed towards creating "Ownership of Goals" at levels and synchronizing the efforts of all employees to achieve the company's quality and business goals.

Development of skills through mentoring and training by our seasoned professionals ensures that the talent pool keeps expanding. The Leadership Role played by our senior professionals helps to keep the next rung of leadership ready to take up the challenges thrown up by the global market.

The management helps the process of decision making by decentralizing and empowering professionals to execute tasks in a speedy manner. The management fosters information sharing and free exchange of ideas. Above all, the sense of ownership and empowerment to take decisions helps the Company to adapt and be ahead of the competition in this rapidly changing global environment.

The industrial relations at all the plant sites of your Company is cordial.

As on 31st March, 2011 the Company's permanent employees strength was 368 (474 in the previous year).

DIRECTORS:

Mr. Kumar Nair has resigned as a Director of the Company with effect from 2nd November, 2010. The Board of Directors has appointed Mr. Ajoy S. Joshi as a Director to fill the casual vacancy caused by the resignation of Mr. Kumar Nair with effect from 2nd May, 2011.

Mr. M.B. Parikh will be retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. V. Nagaraj, Whole-time Director has submitted his resignation as Director and Whole-time Director. The Board has accepted his resignation and he will be relieved from service effective from 29th June, 2011.

Your company has received notice from a member proposing the appointment of Dr. Balwant Shankarrao Desai as a Director of the Company. Dr. Desai has been associated with your company since 7th March, 2006 looking after quality management systems and regulatory affairs. The Board recommends the appointment of Dr. Desai as a Whole-time Director in the forthcoming AGM.

CORPORATE GOVERNANCE:

Pursuant to the Clause 49 of the Listing Agreement, a detailed report on Corporate Governance and Management Discussion and Analysis and a certificate from the Auditors regarding compliance with the conditions of Corporate Governance forms a part of this report.

AUDITORS:

Members of the Company are requested to appoint Auditors for the ensuing year. It is proposed to appoint M/s. N. K. Mittal and Associates, Chartered Accountants, as the Statutory Auditors of the Company. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits Under Section 224 of the Companies Act, 1956. The Board recommends their appointment as Statutory Auditors.

APPRECIATION:

The directors place on record their appreciation for the contribution made by the employees at all levels enabling the Company to achieve the performance during the year under review.

The directors also appreciate the valuable co-operation and continued support extended by Company's Bankers, Medical Professionals, Business Associates and Investors who have put their faith in the Company.

By order of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Mumbai
Dated 28th June, 2011

ANNEXURE TO THE REPORT OF THE BOARD OF DIRECTORS

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULAR IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

The Company continues with its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilization of energy.

The following energy conservation methods were implemented during the year.

a) Changed over to Agro Waste Fired boilers.

b) Scheduled production to avoid usage of diesel during "Weekly Power Shutdown".

c) Optimisation in use of cooling water pumps.

d) Use of energy efficient pumps and motors.

e) Chemical dosing of cooling/chilling water system.

f) Cold Insulation ducting and HVAC system was checked and sections redone.

g) Installed energy efficient motors for chilling plant compressors.

h) Intensified internal audit aimed at detecting wastage and leakage of utility Circuits.

b) Additional investments:

The Company is continuously installing electronic devices to improve quality of power and reduction of energy consumption:

c) Impact of above measure:

The adoption of energy conservation measures have resulted in considerable savings and increased level of awarness amongst the employees. The energy conservation measures have also resulted in improvement of power factor, consequential tariff benefits.

d) Energy Consumption:

	Particulars	2010-11	2009-10
1	Electricity		
	(a) Purchases		
	Units	5661945	6678755
	Total Amount (Rs.)	22000692	27625753
	Rate/ Unit (Rs.)	3.89	4.14
	(b) Own Geneartion		
	(i) Through Diesel Generation		
	Units (in'000 kwhrs)	133.95	3019.26
	Units per Ltr of Disel Oil	2.96	2.96
	Cost/ Unit (Rs.)	13.19	12.19
	(ii) Through Steam		
	Turbine/ Generator	0	0
2	Coal	0	0
3	Furnace Oil		
	Qty (units in'000 K. Ltrs)	37.55	53.70
	Total Amount (Rs.in'000)	1250.05	9121
	Average Rate (Rs./K/Ltr)	33.29	169.84
4	Light Diesel Oil		
	Units (K.Ltrs)	0	0
	Total Amount (Rs. '000)	0	0
	Average Rate (Rs./K.Ltr)	0	0
5	Petcoke		
	Qty (units in '000)	71.01	0
	Total Amount (Rs. '000)	454.46	0
	Average Rate	6.40	0
6	Agrowaste Consumption		
	Qty (units in '000)	3332.61	0
	Total Amount (Rs. '000)	10526.87	0
	Average Rate	3.16	0
7	Other Internal Generation	0	

B. TECHNOLOGY ABSORPTION

Research and Development (R&D)

(1) Specific areas in which R&D carried out by the Company.

Foray into Generic business and identification of few niche areas for product development, mainly in dossier development, post patent filing for regulated & semi regulated markets.

(2) Benefits derived as a result of above R & D

Increase in number of products exported to US, Europe and other regulated and emerging markets.

(3) Future plan in action

Development of new and innovative products will lead to evolution of comprehensive range of generics leading to Abbreviated New Drug Applications / Dossiers for filing.

(4) Expenditure on R&D

Company continues a benefit from the extensive Research and Development (R&D) activity carried on. During the year, your company has incurred major expenses of R & D nature for new products development and ANDA / Dossiers filing for regulated and emerging markets and has capitalized as intangible assets. The total amount capitalized during the year as intangible assets is Rs. 791.39 Lacs.

Technology absorption, adaptation and innovation.

(1) Efforts in brief, made towards technology absorption adaptation and innovation.

Improvements in process parameters, up-gradation of plant and systems facility, working systems, documentation and practices to international regulatory standards for European and U.S. Market.

(2) Benefits derived as a result of the above efforts.

Bio Fuel being substantially cheaper to Furnace Oil, its usage will generate savings in fuel cost. Also it will save time on steam generation and add to operator safety. Access to highly regulated markets, thereby increasing the sales volumes. Installation of new testing equipment has substantially reduced dependency on external testing, thereby reducing the overall operational time cycles. The same has also resulted in reduction in manpower. Improvements in process parameters have reduced the percentage rejection in the process thereby reducing the wastage of costly raw material.

(3) Imported Technology

Nil

C. FOREIGN EXCHANGE EARNINGS & OUTGO

During the financial year 2010-11, the Company used foreign exchange amounting to Rs. 996.57 Lacs (Previous Year Rs. 1650.79 Lacs) and earned foreign exchange amounting to Rs. 8438.28 Lacs (Previous Year Rs. 7190.66 Lacs).

4By order of the Board of Directors
Mark Saldanha
Chairman & Managing Director

Mumbai
28th June, 2011

Management's Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENT

Global Pharmaceutical Market

Market challenges of global pharmaceuticals

- Recent structural changes in the global pharmaceutical industry has led to outsourcing being a key strategy for improving profitability for innovator companies. These include a) declining productivity, b) rising costs of R&D, c) looming patent cliff, d) increasing genericization of products coupled with weaker pipelines of innovator companies, e) fewer blockbuster launches, and f) delays in new product approvals.
- Major decisive factors for pharmaceutical companies to adopt outsourcing include flexibility, quicker time-to-market and lower scale-up costs in order to meet increasing demand for new drugs and focus on core competencies. Outsourcing also helps in the reduction of excess capacity in their manufacturing networks and restructure supply chains.

Global outsourcing market:

- Global outsourcing market reported a slowdown in growth driven by factors such as inventory rationalization by global innovators, reduced R&D spending etc., triggered by the recent economic crisis.
- However, over the medium to long-term, this market is likely to grow at a CAGR of about 20-25 percent, backed by strong fundamental drivers such as a) increased outsourcing by big pharmaceutical companies; and b) increased traction in the new and high-end services contracts.

Asia emerging as a preferred outsourcing hub

- The nucleus of outsourcing is fast shifting from western territories of North America and Europe towards Asia. Asia has number of local contract manufacturing players and a significant number of these players have US FDA and GMP certifications.
- Asian countries provide significant cost advantage as compared to the western region.
- Pharmaceutical companies have already realized the potential offered by these markets with about 32 percent of them preferring Asia for outsourcing.

US Generic Market:

- There is continued penetration of generics in the US market due to steeply escalating healthcare costs and the impending patent cliff. Large number of patented drugs are going off-patent in the next few years, thereby offering significant opportunities for Indian pharmaceutical players.
- The US generic market presents the following advantages for the Indian generics players:
  - Approval from US FDA can open up a large USD 35bn market;
  - The market is easier to penetrate as it is dominated by 'generic generics' compared to branded-generic markets in the emerging world;
  - Distribution chain already in place and hence large upfront investments in sales and marketing infrastructure are not required; and
  - The gestation period is shorter, as there is no need to build relationships with physicians.
- The US market accounts for approximately 40 percent of the global generics market and therefore offers a large scope for scaling up operations.

Impending 'Patent Cliff'

- Approximately USD 150bn worth of drugs are expected to go off-patent by 2015. The value of these drugs going off-patent is expected to peak in 2012.
- The sale value of drugs going off-patent over the next five years in the us market is approximately double the sale value of drugs that went off- patent in the last five years.
- New generics sales are expected to be the key growth drivers in the regulated markets of the US and Europe.
- The new generics sales are expected to grow at a CAGR of 22 to 23 percent in the US. However, the existing generics market is expected to grow slowly at a rate of around 3 percent.
- This provides a considerable opportunity for generic manufacturers to capture greater generics' share of the US pharma market.
- Additionally, generic companies will also benefit by the US healthcare bill to extend healthcare coverage to Americans who are still uncovered, as part of healthcare reforms. The provisions of the new healthcare bill are expected to provide a big impetus to generic drug manufacturers, globally.
- The absorption rate for generics in the US market is thus expected to steadily increase over the next few years.

Indian Pharmaceutical Market

Indian Pharmaceuticals market is likely to triple over next decade

- Growth of Indian pharmaceuticals market is expected to be influenced by:
  - Doubling of disposable incomes and number of middle class households. If the real GDP grows at a CAGR of 7.3 percent, then per capita disposable income is expected to rise from INR 20,835 in 2005 to INR 34,42511 by 2015. Approximately 27mn households currently in lower income category are expected to move up.
  - Expansion of medical infrastructure largely through private investments. Number of hospital beds and physicians in the country are expected to double by 2015 (i.e. additional 2 mn beds and 0.4mn physicians).
  - Greater penetration of health insurance. Currently just about 1 percent of the population is covered by health insurance. Approximately 220mn people are expected to come under heath insurance coverage by 2015.
  - Rising prevalence of chronic disease. Increased urbanisation and rapidly changing lifestyles in urban and semi-urban areas are expected to see increased incidences of chronic diseases which are expected to provide thrust to specialty and super-specialty therapies.

- Adoption of product patents as patent infrastructure scales up to enable up to 30 approvals annually and an average approval timeframe of two years.
- Aggressive market penetration as several smaller players have surfaced across the country who are catering to mass therapies.

Mass therapies will remain critical despite shift towards specialty therapies:

- Increasing urbanisation and changing work patterns expected to continue leading to rise in stress levels and growing consumption of unhealthy food. As a result there will be significant rise in the number of anti-infective, gastrointestinal, cardiovascular and many other related lifestyle ailments. The growing prevalence of lifestyle disorders will spur growth in specialty and super-specialty therapies.
- Despite the shift in disease profile, the growth opportunity in mass therapies are expected to remain significant for two reasons:
  - The gap between prevalence and treatment remains wide in a range of disease spanning anti-infective, gastrointestinal, respiratory and pain management therapies.
  - Nearly 140mn people are estimated to move above poverty line which should increase the spending on basic healthcare and consumption of mass therapy drugs for acute treatment.

Generics to dominate despite increase in share of patent products

- If patent related infrastructure is in place and related regulatory issues finalised, then patent-protected products are expected to constitute about 10 percent of the total markets by 2015.
- However, currently Indian Patent Act has relatively narrow definition of patentability. Therefore, it is likely that a proportion of post-1997 molecules may not get full patent protection.
- Besides strong pipeline of recently launched generic products and products that are undergoing new process developments, companies have an option of developing new combinations and formulations from a range of approximately 200 products that are pre-1995.

Growth prospects of Nuero / CNS therapeutic category

- Neurological disorders are age-related. An increasing aging population will drive the growth of the market and hence the R&D.
- Further, there are large number of unmet needs which will result in demand for neurological and CNS drugs in future. These include:
  - Worldwide Alzheimers disease, which affects approximately 24 mn worldwide and expected to reach 40 mn by 2020. Further, current therapy has a modest symptomatic effect and does not significantly modify the course of this progressive neuro-degenerative disorder.
  - Significant need for an Multiple Sclerosis (MS) treatment with superior efficacy to current therapies with a less invasive and less time consuming route of administration.
  - An unmet need for primary progressive and secondary-progressive MS indication.
  - Need for a reduced dosing frequency or a less invasive therapy with good patient compliance.

Oncology market overview

- Estimated market size of the oncology segment is expected to grow at a CAGR of 25 percent by 2014.
- Segment level projections are as follows:
  - Cytotoxics: This segment is estimated to grow at a compounded annual growth rate of 16 percent p.a. from INR 8,350mn (USD 167mn) to INR 17,340mn (USD 347mn) by FY 2014.
  - Hormones: This segment is estimated to grow at a compounded annual growth rate of 19 percent p.a. from INR 1,200mn (USD 24mn) to INR 2,860mn (USD 57mn) by FY 2014.
  - Novels & GFs: This segment is estimated to grow at a compounded annual growth rate of 40 percent p.a. from INR 3,800mn (USD 76mn) to INR 20,550mn (USD 411mn) by FY 2014.
- The growth in the oncology market in India is driven by introduction of new treatments, increasing number of patients on chemotherapy and improved access to modern cancer therapies.

Indian CRAMS Market

- Indian CRAMS industry (both contract manufacturing and contract research together) accounted just about 4 percent of global CRAMS opportunity in 2009.
- It is estimated to be about 12 percent of the global CRAMs market in 2012.
  - Growth in the CRO sector is expected to be greater than the growth in the CMO sector.

Indian CMO Market

- The CMO market in India grew at a CAGR of approximately 42 percent from 2007 to 2010E.
- Formulations outsourcing forms a small part of the Indian CMO sector. However, formulation outsourcing is expected to capture greater market share in the next few years.
- Indian CRAMs players have diversified in terms of their product offerings and are building competencies to match the global players such as Lonza, Catalent and DSM Pharrna. A few major Indian players include Dishman Pharma, Divi's Laboratories, Jubilant Qrganosys and Piramal Lifesciences.
  - The players are investing in mnC relationship and have also made some overseas acquisitions to gain access to customers and critical technologies/ capabilities.

DIVISION WISE PERFORMANCE

The Company is actively engaged in R&D and offering CRAMS to global pharmaceutical companies. The R&D capability of the Company includes Dossier Development Service, Chemical Synthesis and Process Optimization, Formulation Development and Specified Drug Delivery System.

The Company's state-of-the-art manufacturing facilities in Goa are of international standards adhering to stringent quality norms and are approved by US FDA, UK MHRA, Australian TGA, Brazillian ANVISA and other foreign health authorities. It is one of the biggest manufacturing facilities for soft gelatin capsules and tablets in Asia.

(1) Active Pharmaceuticals Ingredients (API) Division

Due to severe pricing pressure, foreign exchange fluctuations and rising raw material prices, this division was not performing well. As a measure of restructuring business model, the Company has hived off this division on 28th July, 2010.

(2) Domestic Formulation Business

(i) Criticare Division : It is the specialty division which mainly focuses on Oncology and Critical care therapy. The major brands of this division are MARKPARIN and EPIGROF. Marksans Pharma Limited is in exclusive rate contract with Indian Army to supply MARKPARIN. EPIGROF is also being supplied to major hospitals and other major burns and trauma care institutes. This division has created a niche for itself in the Oncology segments with its anti cancer products.

(ii) Cerebella Division : It is the specialty division marketing drugs meant for lifestyle diseases, Neuro-Psychiatrist and Psychiatric therapy. The major brands of this division are BAZZY, CITOFAST, GABELLA, GABELLA M, XENOTRIL which are the main contributors of sales.

Our future course of action in this division is going to be more focused in segments like Epilepsey, Alzimerhs and Depression as these segments are the growth drivers for CNS market. Our presence is good in these segments with latest and accepted products like Bazzy, Donaz Citofast. We are planning to launch newer Anti-Epileptical products like Levitricetam, Zonasimide, etc.

(3) International Formulation

Main focus market for the Company is US, UK, Australia, New Zealand, Germany and other European markets. It is also eying to tab huge Russian and CIS markets and has started dossier filling in these countries.

US Market : The Company has so far received 5 ANDA approval and is expected to receive more ANDA approval in the current year. Three more ANDA are under development for filing. The Company has already tied up with major distributors/big pharma companies in the US market for sales and Distribution of these products.

The Company has now started its next phase of development of molecules with high potential in the US and European markets. The Company has adopted a cognizant strategy of identification of products involving complex chemistry, difficult formulations and products guided by stringent regulatory norms. This focused presence in niche areas will help to ensure a sustainable market opportunity and continued profitability.

Europe Market : The Company currently has number of EU CTD files for solid dosage forms across various therapeutic segments at various stages of development, registration or approval. For contract manufacturing opportunities, the Company has tied up with major Generic players across Europe. The Company has also registered growth in its business via supply to major retail brands in the analgesics and anti inflammatory segment. The portfolio comprises of 95 approved site change variations in the UK and other European markets. Focus will remain on solid orals. By 2012, all eight of the small molecule drugs in the top 10 drugs (based on global sales for 2006) will become generic. Due to multiple dynamics, the generics market is expected to grow at an 8.5% CAGR from 2008 to 2020.

Australia & New Zealand Markets : After getting approvals for the Ibuprofen 200mg Soft gel product within Australia., major Pharmacies have already tied up for supply of the product through their retail chains.

The Company is aggressively spreading its wings in the semi regulated markets. Till now it has filed 361 registrations across all semi regulated markets and 35 products are in the process of filing. It has already got 201 products registered in countries like Cambodia, Philippines, Vietnam, Sri Lanka, Kenya, Tanzania, Ukraine, Russia, Hongkong, Panama and Nigeria. Company's products are well accepted in these countries. Further, statutory compliances are in process for entering in central and south America and other CIS countries.

OPERATIONAL REVIEW

The Company constantly reviews its product-market portfolio with a view to strengthen sustainable growth. It has worked towards strengthening its competitive status by investing in long-term value assets.

To ensure superior control of operations, the company has been able to better monitor its operations and costs.

Revenue

Turnover of the Company has reduced to Rs. 15543.76 Lacs in 2010-11 from Rs. 19956.21 Lacs in 2009-10 i.e. a decrease by 22.11% due to sale of the API business. However, the sales in the international formulation business is increasing.

Cost of Sales

Cost of sales has reduced to Rs. 11820.51 Lacs in 2010-11 from Rs. 15954.99 Lacs in 2009-10 i.e. a decrease by 25.91%.

Admin, Selling and Distribution Expenses

Admin, Selling and Distribution Expenses increased to Rs. 2924.44 Lacs in 2010-11 from Rs. 1593.52 Lacs in 2009-10 i.e. an increase by 83.52%.

Depreciation

The Provision for Depreciation was Rs. 1464.39 Lacs in 2010-11 as compared to Rs. 983.92 Lacs in 2009-10 i.e. an increase by 48.83%. With the receipt of ANDA approval and approval of Dossiers in the emerging market coupled with site variation approval in CRAMS in the regulated markets, the Company has started amortising the cost capitalized for the development of these products.

Interest

The expenditure on account of interest has increased to Rs. 10576.67 Lacs in 2010-11 from Rs. 1477.83 Lacs in 2009-10 i.e. an increase by 615.69%. It includes redemption premium of Rs. 9017.33 Lacs on redemption of FCCBs.

Provision for Taxation

There is no provision for taxation charged in the financial year 2010-11 where as provision for taxation charged in the year 2009-10 was Rs. 8.5 Lacs.

Reserves and Surplus

The Reserves & Surplus has reduced to Rs. -9241.95 (negative) in the year 2010-11 from Rs. 12536.53 Lacs in 2009-10. This is mainly due to loss on the sale of API business, provision for premium on redemption of FCCBs and foreign exchange loss on FCCBs.

Secured Loans

Secured loans has reduced to Rs. 11175.68 Lacs in 2010-11 from Rs. 17593.67 Lacs in 2009-10 i.e. a decrease by 36.48% due to repayment of bank term loans out of the proceeds from sale of API business and Mumbai office premise.

Fixed Assets

The Company's gross assets block has reduced to Rs. 21311.94 Lacs in 2010-11 from Rs. 35982.34 Lacs in 2009-10 i.e. a decrease by 40.77% due to the sale of API plants and Mumbai office premise.

Intangible Assets

During the year 2010-11, the Company has created Intangible Assets of Rs. 791.39 Lacs which represent expenses incurred on New product development and process & compliance with regulatory procedures of the US FDA in filing Abbreviated New Drug Applications ("ANDA") and MHRA procedure for Market Authorisation and site variation licenses for CRAMS and also for filling Dossiers for approval in emerging markets.

Inventory

Inventory has reduced to Rs. 4001.25 Lacs in 2010-11 from Rs. 8306 Lacs in 2009-10.

Receivable

Receivables has increased to Rs. 7217.45 Lacs in 2010-11 from Rs. 6720.17 Lacs in 2009-10.

Loans and Advances

Loans and advances has reduced to Rs. 1578.50 Lacs in 2010-11 from Rs. 2063.02 Lacs in 2009-10.

Cash and Bank Balances

Cash and Bank balance has reduced to Rs. 2623.78 Lacs in 2010-11 from Rs. 3251.27 Lacs in 2009-10.

Current Liabilities

Current liabilities and provisions have decreased to Rs. 3207.37 Lacs in 2010-11 from Rs. 3532.65 Lacs in 2009-10.

Net Working Capital

The Net working capital has reduced to Rs. 12213.62 Lacs in 2010-11 from Rs. 16807.83 Lacs in 2009-10.

OPPORTUNITIES

We see the following forces to provide ample opportunities for the Indian pharmaceutical sector.

1. The Indian pharmaceutical market is expected to grow at 13% to 16% in the coming years.
2. Rising disposable income level and increasing health awareness among the vast rural population will boost expenditure on healthcare.
3. Growing penetration of health insurance.
4. Lifestyle therapeutic segment in domestic market
5. Many big global players are outsourcing Contract Research and Manufacturing services (CRAMS) in India.
6. Billions of US$ worth of drugs going off patent each year in US opening the vast US market for the Indian pharmaceutical sectors.
7. Increasing captive consumption by the subsidiary companies.

THREATS, RISKS AND CONCERNS

Compared with other sectors, pharmaceutical sector works in a dynamic environment and are subject to the following threats, risks and concerns.

1. Lack of newer and better molecules availability.
2. High competition is adversely affecting the margins.
3. High attrition rate.
4. Lack of talented and technical field staff.
5. Highly demanding customers.
6. Government action on price control.
7. Rising audit burdens, inspections and fitness regulations.
8. Though the global economy has started recovery, growth in the US and European markets which are the major focused market for the Company, is relatively low.
9. Foreign Exchange fluctuations
10. IPR issues

OUTLOOK

Despite the aforesaid threats, risks and concerns, the Management looks forward to a satisfactory performance in the coming years in the light of the opportunities available with more focus on the formulation business which are expected to grow in the years to come. The following key factors will drive the Company forward :

1. Global presence – Export Oriented Unit
2. Low cost manufacturing base
3. World class manufacturing facilities with huge capacities approved by major global health authorities
4. Own front ends into UK/Europe and Australia
5. Tie up with big pharmaceutical companies
6. Strong R&D, Dossier development capabilities
7. Preferred outsourcing partner
8. The Company has more than 100 product IP for regulated markets
9. More than 350 product IP for semi regulated markets
10. Wider product basket from OTC to Prescription drugs
11. US FDA approval for soft gel products
12. Very few companies in India offering CRAMS for US/ Global markets into formulation development and manufacturing.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an adequate internal control system including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control system – based on existing laws, regulations and the company policies – comprises regular internal audits, management reviews and use of standard policies and guidelines aimed at ensuring reliability of financial and other records.

CAUTIONARY STATEMENT

Statements in the Management's Discussion and Analysis Report describing the Company's objective, projections and estimates are forward looking statements and progressive within the meaning of applicable Security Laws and Regulations. Actual results could differ materially from those expressed or implied since the company's operations are influenced by many external and internal factors beyond the control of the Company.

CORPORATE GOVERNANCE REPORT 2010-11

Company's Philosophy on Corporate Governance

The Company is committed to the principles of good corporate governance to achieve long term corporate goals and to enhance shareholders value by managing its operations at all levels with highest degree of transparency, responsibility and delegation with equity in all facets of its operations leading to sharp focus and operationally efficient growth. The spirit of Corporate Governance has prevailed in the Company and has influenced its decisions and policies. The strong internal control system and procedures and codes of conduct for observance by the Company's directors and employees are conducive in achieving good corporate governance practices in the Company. The compliance report is prepared and given below in conformity with the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

Board of Directors

As on the date of this report, the total number of Directors on the Board is 4(four). Out of that two Directors are non-executive and independent. During the financial year under review, 10 Board Meetings were held on the following dates : 14.04.2010, 07.05.2010, 30.06.2010, 28.07.2010, 12.08.2010, 15.11.2010, 24.11.2010, 11.12.2010, 28.01.2011 and 14.02.2011.

None of the Directors are members of more than 10 Committees of the Board nor are the Chairman of more than 5 Committees of the Board across all the companies in which they are directors. The details as to Composition, Status, Attendance at the Board Meetings and the last Annual General Meeting, outside Directorship and other Committees membership are as follows:

Name of the Director	Executive/ Non-executive/ Independent/ Promoter	No. of Shares in the Company	No. of Board Meetings attended out of 10 held	No. of outside directorship in Public Limited Companies*	Membership held in Committee of Directors**	Chairmanship held in committee of Directors**	Whether attended last AGM
Mr. Mark Saldanha (Chairman & Managing Director)	Executive, Non-Independent, promoter	177982910	10	Nil	Nil	Nil	Yes
Mr. V. Nagaraj (Whole-time Director)	Executive & Non-Independent	Nil	10	Nil	Nil	Nil	Yes
Mr. Mahesh B. Parikh	Non-executive & Independent	Nil	5	2	2	1	Yes
Mr. Kumar Nair (Up to 02.11.2010)	Non-executive & Independent	Nil	2	3	3	Nil	No
Mr. Ajoy S. Joshi (with effect from 02.05.2011)	Non-executive & Independent	Nil	-	Nil	Nil	Nil	-

* This excludes directorship held in private companies, foreign companies, companies formed under section 25 of the Companies Act, 1956 and directorship held as an alternate director.

** Membership/Chairmanship in Committee of Directors include Audit Committees and Shareholder/Investors Grievance Committees only. This does not include membership/chairmanship in committee of Directors of Marksans Pharma Limited.

Audit Committee

The Audit Committee consists of Directors, namely Mr. Mahesh B. Parikh (Chairman), Mr. Ajoy S. Joshi and Mr. V. Nagaraj. The Managing Director, head of Finance along with statutory auditors are invited to the audit committee meetings. Company Secretary acts as the Secretary to the Committee. The constitution, functions and the terms of the reference of the Audit Committee are those prescribed under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956. During the financial year under review, 4 Audit committee meetings were held, which were attended by all the members of the Committee.

Remuneration Committee

The Remuneration Committee of the Company consists of Directors, namely Mr. Mahesh B. Parikh (Chairman), Mr. Ajoy S. Joshi and Mr. V. Nagaraj. The Committee has power to determine the remuneration of the executive Directors of the Company as per the provisions of Clause 49 of the Listing Agreement and applicable provisions of the Companies Act, 1956.

Investors' Grievance Redressal Committee

The Investor Grievance Redressal Committee consists of Directors, namely Mr. Mahesh B. Parikh (Chairman), Mr. Ajoy S. Joshi and Mr. V. Nagaraj. The Committee looks into the shareholders' and Investors grievances. The Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures to improve the level of investor services.

Number of complaints received during the year	: 0
Number of complaints resolved to the satisfaction of shareholders	: NA

Share Transfer System

The Company has appointed Bigshare Services Private Limited as its Registrar and Share Transfer Agent for both physical and demat segment. The Company has authorised the Company Secretary of the Company to approve the share transfers lodged in physical mode. The shares lodged in physical mode are transferred and returned in 15 days from the date of receipt, so long as the documents are complete in all respects. As on 31.03.2011, no shares were pending for transfer.

The Board has designated Mr. Harshavardhan Panigrahi, the Company Secretary of the Company as Compliance Officer.

Disclosures

a) No material financial and commercial transactions were reported by the management to the Board of Directors in which management had personal interest having a potential conflict with the interest of the Company at large.

b) There was no non-compliance during the last three years by the Company on any matter related to the capital market. Consequently, there were neither any penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.

c) The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement on Corporate Governance.

d) There is no pecuniary relationship or transaction between the non-executive directors and the Company.

e) There is no relationship between the directors inter se except as members of the Board.

f) Details of related party transactions during the year ended 31st March, 2011 has been set out under Note No. (8) of Schedule 17 annexed to the Balance Sheet and Profit & Loss Account.

Directors Remuneration

The non-executive directors are not paid any remuneration. The executive directors are paid remuneration under the applicable provisions of the Companies Act, 1956 with approval of the shareholders in the General Meeting. Details of the remuneration paid to the executive directors of the Company during the year ended 31st March, 2011 has been set out under Note No. (8) (a) of Schedule 17 annexed to the Balance Sheet and Profit & Loss Account.

Management's Discussion And Analysis Report.

The Annual Report has a separate and detailed chapter on Management's Discussion and Analysis which deals with Industry structure and development, opportunities and threats, segment wise performance, outlook, risks and concerns of the Company and discussions on financials with respect to operation.

Means of Communication

Quarterly, Half-yearly, and Annual results of the Company are published in one English and one Marathi newspaper. These are also submitted to the stock exchanges in accordance with the Listing Agreement and are available on the website of the BSE (www.bseindia.com) & NSE (www.nseindia.com) and also on the Company's website (www.marksanspharma.com).

The Company has not made any presentation to institutional investors or analysts.

General Body Meetings

Annual General Meetings	Date	Time	Venue	No. of Special Resolutions
Eighteenth	28.09.2010	10:30 A.M.	GMS Community Centre Hall Sitladevi Complex, 1st Floor D.N. Nagar, Link Road Andheri (W), Mumbai - 400053	1*
Seventeenth	25.09.2009	10:30 A.M.	GMS Community Centre Hall Sitladevi Complex, 1st Floor D.N. Nagar, Link Road Andheri (W), Mumbai - 400053	Nil
Sixteenth	29.09.2008	11:00 A.M.	GMS Community Centre Hall Sitladevi Complex, 1st Floor D.N. Nagar, Link Road Andheri (W), Mumbai - 400053	2**

* One Special Resolution has been passed in the AGM held on 28th September, 2010 regarding re-appointment of Mr. Mark Saldanha as the Managing Director of the Company.

** Two Special Resolutions have been passed in the AGM held on 29th September, 2008, one to "approve "Marksans Employees Stock Option Plan-2008" and the other to alter the Articles of Association of the Company.

Postal ballot

As of date, there is no proposal to pass any resolution by postal ballot.

General Shareholder Information

AGM	;	Nineteenth Annual General Meeting.
Day & Date	:	Thursday, the 29th September, 2011
Time	:	10:30 AM
Venue	:	GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai 400 053
Financial calendar	:	Financial Year - April to March First Quarter Results - 2nd week of August Second Quarter Results - 2nd week of November Third Quarter Results - 2nd week of February Last Quarter Results - 2nd week of May
Date of Book Closure	:	From Saturday, the 24th September, 2011 to Thursday, the 29th September, 2011 (both days inclusive).
Dividend payment date	:	There is no proposal to declare dividend.
Listing on Stock Exchanges	:	The Bombay Stock Exchange Limited (BSE) The National Stock Exchange of India Limited (NSE) The annual listing fees for the year 2011-2012 have been paid.
Stock Code	:	BSE : 524404 NSE : MARKSANS
ISIN	:	INE750C01026

Market price data on BSE during the period April 2010 to March 2011

Month	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)
April 2010	4.93	5.73	4.82	4.95
May 2010	4.80	5.04	3.95	4.24
June 2010	4.24	4.68	3.92	4.42
July 2010	4.30	4.64	3.97	4.11
August 2010	4.07	4.52	3.86	3.88
September 2010	3.91	4.29	3.87	3.88
October 2010	3.99	4.39	3.81	3.86
November 2010	3.90	5.57	3.21	3.87
December 2010	3.95	4.04	2.79	3.71
January 2011	3.75	3.85	3.03	3.06
February 2011	3.10	3.17	2.29	2.78
March 2011	2.87	2.99	2.24	2.25

Shareholding Pattern as on 31.03.2011

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Individual	46855	97.51	314046547	85.38
Bodies Corporate	854	1.78	37001761	10.06
NRIs	281	0.58	3114539	0.85
FIIs	2	0.00	1210507	0.34
Non-Resident Bodies Corporate	2	0.00	11765101	3.20
Trust	1	0.00	20000	0.00
Bank, Financial Institution & Insurance Companies	2	0.00	10000	0.00
Clearing Members	55	0.11	638749	0.17
Total	**48052**	**100**	**367807204**	**100**
Promoters	7	0.02	177983510	48.39
Non-Promoters	48045	99.98	189823694	51.61
Total	**48052**	**100**	**367807204**	**100**

Distribution of Shareholding as on 31.03.2011

Shareholding	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 5000	43093	89.68	51276310	13.94
5001 – 10000	2631	5.47	21020367	5.72
10001 – 20000	1182	2.46	17530958	4.77
20001 – 30000	450	0.94	11425863	3.11
30001 – 40000	165	0.34	5829134	1.58
40001 – 50000	161	0.33	7540855	2.05
50001 – 100000	226	0.47	16042204	4.36
Above 100000	144	0.30	237141513	64.47
Total	**48052**	**100**	**367807204**	**100**

Registrar and Transfer Agents	Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Saki Vihar Road, Andheri (East), Mumbai 400 072. Tel No.: 022-2847 0652/4043 0200; Fax No.: 022-2847 5207 Email : investor@bigshareonline.com; Web site : www.bigshareonline.com Our RTA has launched Gen-Next investor interface module "iBoss" the most advanced tool to interact with investors. Share holders are requested to login into "iBoss" and help them to serve you better.
Dematerialization of the Shares and Liquidity	Based on SEBI directives, Company's shares are traded in dematerialized form. As on 31.03.2011, 97.16% of the paid up share capital of the Company was in dematerialized form.
Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion dates and likely impact on equity	The current outstanding of principal value of FCCBs is USD 43,999,000 (Rs. 19949.85 Lacs). The FCCBs have become due for redemption on 9th November, 2010. The redemption premium of USD 19.89 Mn (Rs. 9017.33 Lacs) has become payable alongwith the principal amount of USD 43,999,000 (Rs. 19949.85 Lacs) (total due USD 63.89 Mn or Rs. 28967.18 Lacs). However, the FCCBs have not been redeemed on the due date due to financial constraints. The Management is in constructive discussion with the bond holders for restructuring of the FCCBs. However, as on the date of this report, the same had not yielded any results. Therefore, the Company is in default in the FCCBs redemption.
Plant Locations	**- Formulation Plant:** L-82 & 83 Verna Industrial Estate, Verna, Goa- 403 722 **- U.K. Plant:** Bells Sons & Co (Druggists) Ltd., Slaidburn Crescent, Southport, PR9 9AL
Address for Correspondence	Mr. Harshavardhan Panigrahi Company Secretary & Manager-Legal Marksans Pharma Limited 11th Floor, Lotus Business Park, Off New Link Road, Andheri (W), Mumbai 400 053. Tel. No. : 022- 40012000 Fax No. 022- 40012011 Email: companysecretary@marksanspharma.com

Non Mandatory Requirements

(I) **The Board**

There is no policy in the Company for determining the tenure of independent directors.

(II) **Shareholders Rights**

Half yearly financial results including summary of the significant events are presently not being sent to the shareholders.

(III) **Audit Qualifications**

Every endeavor is made to make the financial statements without qualification.

(IV) **Training of Board Members**

The members of the Board are eminently competent to discharge their duties.

(V) **Mechanism for evaluating non-executive Board Members**

There is no policy in the Company for evaluation of non-executive Directors.

(VI) **Whistle Blower Policy**

Presently there is no whistle blower policy in the Company.

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

This is to confirm that during the year ended 31st March, 2011 all the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the Code of Conduct, framed pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, in so far as it is applicable to them.

For Marksans Pharma Limited
Sd/-

Mumbai
Date: 28th June, 2011

Mark Saldanha
Managing Director

BRIEF RESUME OF THE PERSON PROPOSED TO BE APPOINTED / RE- APPOINTED AS DIRECTOR OF THE COMPANY AT THE ANNUAL GENERAL MEETING.

Name	Mr. M. B. Parikh
Age	70 Years
Qualification	M.Sc. in Mathematics and Statistics; Diploma in Financial Management
Experience	Mr. M. B. Parikh has worked with Bank of India for a period of 15 years at Senior Management level handling a variety of complex functions. He has also worked with Societe Generale Bank for a period of 9 years at a top management level as Chief – Business Set Up and Development and Marketing/Credit. He also acted as an Adviser to the Board and Chairman of Development Credit Bank Limited.
Name of the other Companies in which also holds directorship	1. M. B. Parikh Finstocks Limited 2. Career Launcher Education Infrastructure and Services Limited
Name of the other Company in the committee of which also holds membership / chairmanship	1. M. B. Parikh Finstocks Limited 2. Career Launcher Education Infrastructure and Services Limited
No. of shares held in the Company	Nil

Name	Dr. Balwant Shankarrao Desai
Age	47 Years
Qualification	B. Sc. In Chemistry, M.Sc.in Analytical Chemistry and Ph.D. in Analytical Chemistry
Experience	Dr. Balwant Shankarrao Desai is associated with Marksans Pharma Limited since 07.03.2006 looking after quality and regulatory affairs. Before joining Marksans Pharma Limited, he has been associated with Alembic Limited, Serum Institute of India Limited, Ipca Laboratories Limited, Lupin Laboratories Limited, Merind Limited, U.S. Vitamins Limited. He has about 23 years of experience in the filed of quality management systems as per national and international requirements, preparation and submission of Dossiers of drug products and ANDA application for registration of products in US, Europe and other countries. He has also been instrumental in obtaining international regulatory approvals from US FDA, UK MHRA and other global health authorities.
Name of the other Companies in which also holds directorship	Nil
Name of the other Company in the committee of which also holds membership / chairmanship	Nil
No. of shares held in the Company	Nil

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
MARKSANS PHARMA LTD.

We have examined the compliance of conditions of Corporate Governance by **MARKSANS PHARMA LTD.** for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We state that as per the records maintained by the Company, there were no investor grievances remaining unattended / pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **N.K.MITTAL & ASSOCIATES**
Chartered Accountants

N.K. MITTAL
Proprietor
Membership No. 46785
F. No. 113281W

Place: Mumbai
Date : 28th June, 2011

AUDITORS' REPORT

To

The members of **MARKSANS PHARMA LIMITED,**

We have audited the attached Balance Sheet of **MARKSANS PHARMA LIMITED ("the Company")** as at 31st March 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows :

1) As required by the Companies (Auditors' Report) Order, 2003 (as amended) by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of The Companies Act, 1956, of India (the Act) and on the basis of such checks of the books of records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2) Further to our comments in the Annexure referred to above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion the Balance Sheet and the Profit & Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of the written representations received from the Directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;

3) Without qualifying our opinion we draw attention

   a) To Schedule No.17 Point 3 of the financial statements, wherein as explained, the Company's outstanding liabilities are in respect of USD 43,999,000 (Rs. 19949.85 Lacs) zero coupon Foreign Currency Convertible Bond November, 2005. The Bonds have become due for redemption on 09th November 2010, and were not redeemed. These bonds have redemption premium of USD 19.89 MN.(Rs. 9017.33 Lacs).

   b) To Schedule No.17 Point 3 of the financial statements the entire net worth of the company is eroded as on 31st March, 2011.

   c) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes, give the information required by the Companies Act, 1956 and in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,

      ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date,and

      iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **N.K. MITTAL & ASSOCIATES**
Chartered Accountants

N.K. MITTAL
(Proprietor)
M. No. 46785
F. No. 113281W

Place : Mumbai
Date : 28th May, 2011

ANNEXURE

Re: **MARKSANS PHARMA LIMITED**

Referred to in point no.1 of our report of even date.

i. (a) The Company has maintained proper records showing particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.

(c) Substantial parts of fixed assets have been disposed off during the year.

ii. (a) Physical verification of inventory (excluding stocks with third parties) has been conducted at reasonable intervals by the management. In respect of inventory lying with third parties, these have substantially been confirmed by them.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.

iii. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.

iv. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.

v. (a) According to the information & explanations given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.

(b) In our opinion and according to the information and explanation given to us the transaction made in pursuance of such contracts or arrangements exceeding the value of five lacs rupees have been entered during the period at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act and the rules framed there under.

vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

viii. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we are neither required to carry out nor have carried out any detailed examination of such accounts and records.

ix. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.

(b) According to the information & explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty and cess were in arrears, as at 31st March 2011, for a period of more than 6 months from the date they became payable.

(c) According to the information & explanations given to us, the dues of Sales-tax, Wealth Tax, Custom Duty, Excise Duty and cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of the Statute	Nature of the Dues	Amount (In Lacs)	Period to which the amount relates	Forum where disputes are pending
Commissioner of Sales Tax	Sales Tax (BST,CST) – 03-04	11.51	2003-2004	Commissioner of Sales tax Appeal
Commissioner of Sales Tax	Sales Tax (BST,CST) – 04-05	7.62	2004-2005	Commissioner of Sales tax Appeal

x. In our opinion and according to the information and explanation given to us , the accumulated losses of the company are more than its net worth at the end of the financial year under report. The Company has incurred cash losses only during the current financial year and not during the preceding financial year.

   a) In our opinion and according to the information and explanation given to us, the Company's outstanding liabilities are in respect of USD 43,999,000 (Rs. 19949.85 Lacs) zero coupon Foreign Currency Convertible Bond November, 2005. The Bonds have become due for redemption on 09th November, 2010, and were not redeemed. These bonds have redemption premium of USD 19.89 MN. (Rs. 9017.33 Lacs).The Company is in default in bond redemption.

   b) In our opinion and according to the information and explanation given to us the entire net worth of the Company is eroded as on 31st March, 2011.

xi. According to the information & explanations given to us, the company has not defaulted in payments of dues to financial institution & banks.

xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xv. The Company has given guarantee to Bank for loans taken by its Subsidiary Company.

xvi. Term loans availed by the Company were, prima facie, applied for the purpose for which the loans were obtained.

xvii. On an overall basis, the funds raised on short-term basis have, prima facie, not been used for long term investment and vice versa.

xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

xix. The Company has not issued any debentures.

xx. The Company has not raised money by public issues during the year.

xxi. Based on the checks carried out by us, any fraud on or by the company has not been noticed or reported during the year.

For **N.K. MITTAL & ASSOCIATES**
Chartered Accountants

N.K. MITTAL
(Proprietor)
M. No. 46785
F. No. 113281W

Place : Mumbai
Date : 28th May, 2011

Balance Sheet as on March 31, 2011

Particulars	Sch. No.	As on 31.3.2011 Amount in Rs	As on 31.3.2010 Amount in Rs
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	**502,807,204**	502,805,871
Reserves & Surplus	2	**603,122,619**	1,253,652,786
Loan Funds			
Secured Loans	3	**1,117,567,521**	1,759,367,012
Unsecured Loans	4	**2,900,868,304**	1,769,596,299
		5,124,365,648	**5,285,421,968**
APPLICATION OF FUNDS			
Fixed Assets (Gross Block)	5	**2,131,193,970**	3,598,233,548
Less: Provison for Depreciation		**282,188,642**	656,809,717
Net block		**1,849,005,328**	**2,941,423,831**
Investments	6	**676,163,898**	**776,163,898**
Current Assets, Loans & Advances			
Inventories	7	**400,124,659**	830,601,740
Sundry Debtors	8	**721,745,324**	672,016,820
Loans & Advances	9	**157,850,448**	206,302,067
Cash & Bank Balances	10	**262,378,442**	325,126,821
Total (A)		**1,542,098,873**	**2,034,047,448**
Current Liabilities			
Current Liabilities & Provisions	11	**320,737,233**	**353,264,783**
Total (B)		**320,737,233**	**353,264,783**
Net Current Assets (A) - (B)		**1,221,361,640**	**1,680,782,665**
Deferred Tax Assets/(Liability) (Net)		**(149,614,130)**	**(115,000,239)**
Miscellaneous Expenditure	12	**130,796**	**2,051,813**
(To the extent not written off)			
Profit and Loss A/c		**1,527,318,116**	-
		5,124,365,648	**5,285,421,968**
Notes to the Accounts	17		

For and on Behalf of
N.K. Mittal & Associates
Chartered Accountant

For and on behalf of the Board of Directors

Mark Saldanha
Chairman and Managing Director

V. Nagaraj
Whole Time Director

N.K. Mittal
Proprietor
Membership No: 46785
F. NO. 113281W

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Place : Mumbai
Date : 28th May, 2011

Profit & Loss Account for the Year ended 31st March, 2011

Particulars	Sch. No.	For the year Ended 31.3.2011 Amount in Rs	For the year Ended 31.3.2010 Amount in Rs
INCOME			
Sales		**1,554,376,180**	1,995,621,418
Other Income	13	**16,863,891**	16,037,341
		1,571,240,071	**2,011,658,759**
EXPENDITURE			
Cost of Sales	14	**1,182,050,866**	1,595,499,217
Administration, Selling & Distribution Expenses	15	**292,444,141**	159,352,303
Interest & Financial Charges	16	**1,057,666,743**	147,783,316
Depreciation	5	**146,438,693**	98,391,957
Exchange Loss/(Gain)		**217,979,109**	502,579
Loss on Sale of Business and Fixed Assets		**802,168,180**	1,118,402
Miscelleneous Expenditure Writtern Off		**1,921,016**	2,743,096
		3,700,668,748	**2,005,390,870**
Profit Before Tax		**(2,129,428,677)**	**6,267,889**
Provision for Taxation			
- Current Year		**-**	(850,000)
- Earlier Years		**(13,849,293)**	**-**
- Deferred Tax		**(34,613,891)**	**(2,519,067)**
Net Profit/(Loss) after Tax		**(2,177,891,861)**	**2,898,822**
Balance Profit brought forward		**650,573,745**	**647,674,923**
Closing Balance Transferred to Balance Sheet		**(1,527,318,116)**	**650,573,745**
Notes to the Accounts	17		

For and on Behalf of
N.K. Mittal & Associates
Chartered Accountant

For and on behalf of the Board of Directors

Mark Saldanha
Chairman and Managing Director

V. Nagaraj
Whole Time Director

N.K. Mittal
Proprietor
Membership No: 46785
F. NO. 113281W

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Place : Mumbai
Date : 28th May, 2011

Schedules Forming Part of the Financial Statements as on March 31, 2011

Particulars	As on 31.3.2011 Amount in Rs	As on 31.3.2010 Amount in Rs
Schedule - 1 [SHARE CAPITAL]		
Authorised		
550,000,000 (P.Y. 550,000,000) Equity Shares of Re.1/- each	**550,000,000**	550,000,000
1,400,000 (P.Y. 1,400,000)7% Redeemable Cumulative Preference Shares of Rs.100/- each	**140,000,000**	140,000,000
	690,000,000	**690,000,000**
Issued, Subscribed and Paid-up.		
367,807,204 (P.Y. 367,805,871) Equity Shares of Re.1/- each	**367,807,204**	367,805,871
13,50,000 (P.Y. 1,350,000)7% Redeemable Cumulative Preference Shares of Rs.100/- each	**135,000,000**	135,000,000
	502,807,204	**502,805,871**
Schedule - 2 [RESERVES & SURPLUS]		
Capital Reserves	**122,500**	122,500
General Reserves	**167,411,324**	167,411,324
Share Premium	**435,588,795**	435,545,217
Profit & Loss Account - Opening Balance	**-**	647,674,923
Add: Transferred During the Year	**-**	2,898,822
	603,122,619	**1,253,652,786**
Schedule - 3 [SECURED LOANS]		
Term Loan	**273,521,813**	938,062,762
Working Capital Facilities	**843,329,994**	820,597,863
Other Loans (Vehicle Loans)	**715,714**	706,387
	1,117,567,521	**1,759,367,012**
Schedule - 4 [UNSECURED LOANS]		
Foreign Currency Convertible Bonds	**2,896,718,304**	1,758,680,000
Deposits & Others	**4,150,000**	10,916,299
	2,900,868,304	**1,769,596,299**

Schedules Forming Part of the Financial Statements as on March 31, 2011

Schedule - 5 [FIXED ASSETS]

(Amount in Rs.)

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2010	Additions	Sales/Dedn.	As on 31.03.2011	Upto 01.04.2010	For the Year	On Sales	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land	19,547,708	-	9,881,868	9,665,840	-	-	-	-	9,665,840	19,547,708
Building	690,016,308	1,994,002	514,985,049	177,025,261	111,429,364	14,164,350	79,878,384	45,715,330	131,309,931	578,586,944
Plant & Machinery	1,430,276,564	27,764,234	1,022,431,135	435,609,663	516,424,445	35,285,642	431,164,883	120,545,204	315,064,459	913,852,119
Computer & Software	26,654,898	355,630	1,418,236	25,592,292	13,572,664	4,166,159	1,418,236	16,320,587	9,271,705	13,082,234
Office Equipments	5,929,233	109,223	1,917,866	4,120,590	1,951,101	284,576	410,669	1,825,008	2,295,582	3,978,132
Furnitures & Fixtures	31,347,610	1,780,000	25,208,307	7,919,303	7,741,966	907,310	6,158,261	2,491,015	5,428,288	23,605,644
Vehicles	12,086,677	551,898	2,891,276	9,747,299	5,690,177	1,006,656	2,029,335	4,667,498	5,079,801	6,396,500
Intangible Assets “Internally Generated* ANDA, Market Authorisations, Product Licences & Others”	1,382,374,550	79,139,172	-	1,461,513,722	-	90,624,000	-	90,624,000	1,370,889,722	1,382,374,550
Total	**3,598,233,548**	**111,694,159**	**1,578,733,737**	**2,131,193,970**	**656,809,717**	**146,438,693**	**521,059,768**	**282,188,642**	**1,849,005,328**	**2,941,423,831**
Previous Year	*3,352,098,659*	*253,935,208*	*7,800,319*	*3,598,233,548*	*562,542,530*	*98,391,957*	*4,124,770*	*656,809,717*	*2,941,423,831*	*2,789,556,129*

* Refer Note No.1(c) - 2 of Schedule 17

Particulars	As on 31.3.2011 Amount in Rs	As on 31.3.2010 Amount in Rs
Schedule - 6 [INVESTMENT]		
Investment in Nova Pharmaceuticals Australasia Pty Ltd.	**15,905,003**	15,905,003
Investment in Marksans Pharma UK Limited	**660,258,895**	660,258,895
Investment in Mutual Fund-SBI Premier Liquid fund	**-**	100,000,000
	676,163,898	**776,163,898**
Schedule - 7 [INVENTORIES]		
Raw Material, Packing Material,Work-in-Process, Finished Goods & Other Materials	**400,124,659**	830,601,740
	400,124,659	**830,601,740**
Schedule - 8 [SUNDRY DEBTORS]		
Debtors	**721,745,324**	672,016,820
(Unsecured and Considered good)		
	721,745,324	**672,016,820**
Schedule - 9 [LOANS AND ADVANCES]		
(Unsecured and considered good)		
Advances	**121,841,713**	162,464,314
(recoverable in cash or kind or value to be received)		
Balances with Excise Authorities	**22,161,576**	37,971,674
Deposits	**13,847,159**	5,866,079
	157,850,448	**206,302,067**
Schedule - 10 [CASH AND BANK BALANCES]		
Cash in Hand	**245,272**	255,861
Balance with Scheduled Banks in Current Account	**15,246,266**	90,988,560
Deposits with Banks	**246,886,904**	233,882,400
	262,378,442	**325,126,821**

Schedules Forming Part of the Financial Statements as on March 31, 2011

Particulars	As on 31.3.2011 Amount in Rs	As on 31.3.2010 Amount in Rs
Schedule - 11 [CURRENT LIABILITIES]		
Sundry Creditors & Other Liabilities	**320,737,233**	352,414,783
Provision for Taxation	**-**	850,000
	320,737,233	**353,264,783**
Schedule - 12 [MISCELLANEOUS EXPENDITURE]		
(To the Extent not Written off)		
Preliminary Expenses	**130,796**	365,679
Product launch, Investigation and Registration Expenses	**-**	1,686,134
	130,796	**2,051,813**
Schedule - 13 [OTHER INCOME]		
Insurance Claim Received	**-**	2,954,586
Interest Received	**16,086,877**	13,082,755
Interest on Income Tax Refund	**711,908**	-
Short Term Profit on sale of Mutual Fund	**65,106**	-
	16,863,891	**16,037,341**
Schedule - 14 [COST OF SALES]		
Purchase	**637,643,951**	1,000,763,001
Decrease in Inventories	**354,895**	119,818,535
Net Raw Material Consumption	**435,185,119**	343,629,182
Water Charges	**2,493,816**	3,299,170
Power & Fuel	**36,921,447**	45,712,087
Excise Duty Paid	**7,399,150**	18,135,085
Freight Inward & Raw Material Clearing Charges	**9,183,092**	7,854,409
Salaries, Wages, Allowances & Staff Welfare	**31,959,033**	40,977,403
Repairs & Maintenance of Production Facility (plant)	**10,042,542**	11,961,084
Other Manufacturing Expenses	**10,867,821**	3,349,261
	1,182,050,866	**1,595,499,217**
Schedule - 15 [ADMIN., SELLING & DISTRIBUTION EXPENSES]		
Rent , Rates & Taxes	**15,022,799**	6,575,318
Salaries & Allowances	**75,309,643**	62,634,930
Staff Welfare	**3,305,108**	785,539
Directors' Remuneration	**3,194,227**	3,300,892
Travelling Expenses	**8,751,111**	8,954,227
Communication Expenses	**2,458,019**	2,548,993
Courier & Postage Expenses	**2,068,762**	1,710,855
Printing & Stationery	**3,330,960**	3,127,172
Repairs & Maintenance (others)	**729,845**	3,459,335
Audit Fees	**337,000**	337,000
Vehicle Expenses & Local Conveyance	**4,358,458**	5,198,147
Legal & Professional Fees	**20,854,496**	11,415,310
Office Expenses	**1,222,509**	2,476,890
Insurance Charges	**5,370,778**	1,043,031
Other Operating Expenses	**11,604,833**	5,795,378
Freight Outward & Export Clearing Expenses	**42,242,857**	22,692,945
Selling & Distribution Expenses	**92,282,736**	16,800,245
Research & Development Expenses	**-**	496,096
	292,444,141	**159,352,303**
Schedule - 16 [INTEREST & FINANCIAL CHARGES]		
Interst on Term Loans	**70,090,539**	83,185,802
Interest on Working Capital,Other Interest & Bank charges	**85,842,958**	64,597,514
Redemption premium on Foreign Currency Convertible Bond	**901,733,246**	-
	1,057,666,743	**147,783,316**

17) NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

Background

Marksans Pharma Ltd. (The Company) together with its subsidiaries and associates, operate as an integrated international pharmaceutical organisation with business encompassing the entire value change in the marketing, production and distribution of pharmaceutical products.

The company's shares are listed for trading on the National Stock Exchange and the Bombay Stock Exchange in India.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Standards

The Accounts have been prepared to comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

(b) Basis of Accounting

The financials are prepared under the historical cost convention on an accrual basis and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in Section 211(3C) of the Companies Act, 1956.

(c) Fixed Assets

1. Fixed assets are stated at cost along with costs directly attributable to bring the assets to their working condition as reduced by CENVAT credit and Input VAT.
2. Intangibles:
   - **Internally Generated Intangible Assets- ANDA/Market Authorisations /Site Variation Licenses for CRAMS:**

     ANDA/Market Authorisation / Site Variation Licenses for CRAMS costs represent expenses incurred on development of process/product and compliance with regulatory procedures of the US FDA and other Global Health Authorities in filing of Abbreviated New Drug Applications ("ANDA"), Market Authorisation / Site Variation Licenses for CRAMS and MHRA procedure for Market Authorisation/Site Variation Licences.

     This is in accordance with the requirements of Accounting Standard 26 of the Institute of Chartered Accountants of India.

     The Cost of each ANDA/MA/ Site Variation Licenses for CRAMS is amortised to the extent of recovery of developmental costs as applicable as per terms of agreement or over a period of ten years from the date on which the product covered by ANDA /Market Authorisations /Site Variation licenses for CRAMS is Commercially marketed, whichever is earlier.
   - **Product Development Costs:**

     Product Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future economic benefit from the related project, not exceeding ten years.

(d) Depreciation

Depreciation on fixed assets other than leasehold land is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs from time to time. Leasehold land is not amortised.

(e) Impairment of Assets

The company identifies impairable assets at the year end in terms of cash generating unit concept based on para-5 to 13 of AS-28 issued by ICAI for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, if any, when crystallizes is charged against revenue of the year.

(f) Expenditure during construction period

In case of new projects and substantial expansion of existing factories, expenditure incurred including financing costs prior to commencement of commercial production is capitalized. All pre-operative and trial run expenditure accumulated as Capital Work in Progress is allocated on a pro- rata basis depending on the prime cost of the assets.

(g) Inventories

Inventories are valued at the lower of cost (net of CENVAT Credit and Input VAT) or Net Realisable Value as under:

Raw Materials, Packing Materials and Stores – At Weighted Average Cost on FIFO basis.

Work in Process - At Cost (Direct Cost plus Conversion Cost) upto estimated stage of completion.

By-Products - At Net Realisable Value.

Finished Goods - At Cost (Direct cost plus Conversion Cost and Excise Duty) or Net Realisable Value, whichever is lower.

(h) Customs / Excise duty

Excise Duty on finished goods and Custom Duty on imported materials are accounted on production of packed finished goods / receipt of material in custom bonded warehouses. All the closing stock of finished goods lying at Goa factory is for export, hence provision for excise duty does not arise.

(i) Foreign Currency Transaction

Purchase of imported raw materials, capital goods and components are accounted based on presentation memos from bank on the date of the transaction. In respect of liabilities on imports of raw materials, capital goods and components for which invoices / bills are not received, the liability is accounted based on the exchange rates prevailing on the date of the balance sheet.

Export Sales of finished goods are accounted on the basis of export invoices on the invoice date. In respect of the unrealised exports, the receivables are accounted based on the exchange rates prevailing on the date of the balance sheet.

(j) Miscellaneous Expenditure

Expenditure on launch of new products and their sales promotion for domestic markets are being amortised over a period of 60 months.

(k) Research and Development

Capital expenditure on research and development is capitalized as fixed assets. Other expenditure on R&D is expensed as incurred.

(l) Investments

Long term investments are stated at cost less any provision for permanent diminution in the value. The current investments are valued at lower of cost or market value.

(m) Employee Benefits

Liability for Gratuity is accounted on accrual basis.

Annual contributions to Provident Fund & ESIC are accounted on accrual basis and charged to the Profit & Loss A/C.

(n) Revenue Recognition

The company recognizes sale of goods on the invoice date. Sales comprise of amounts invoiced for goods sold, including excise duty but net of returns and trade discounts.

Dividend Income is accounted when right to receive dividend is established.

CRAMS milestone revenues are recognised on signing of Agreement with respective parties.

(o) Income Tax

Current Year:

Provision for Current tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

Deferred Tax:

Deferred Income taxes are recognized for the future tax consequence attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities because of a change in tax rates is recognized in the Statement of Profit and Loss using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainity that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(2) PROVISIONS,CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a. the Company has a present obligation as a result of past event,

b. a probable outflow of resources is expected to settle the obligation; and

c. the amount of the obligation can be reliably estimated.

Contingent liability is not recognized but disclosed in the Notes to the Accounts.

The Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

Contingent Liabilities

(Rs. In Lacs)

		31st March,2011	31st March, 2010
(a)	In respect of Letters of Credit & Bank Guarantees issued by the Company's Bankers :	1558.83	178.17
(b)	In respect of Material	-	Nil
(c)	Foreign Exchange Fluctuation on FCCB	-	2164.80
(d)	Sales Tax (BST,CST) – 03-04	11.51	-
(e)	Sales Tax (BST,CST) – 04-05	7.62	-

(3) (a) The current outstanding of principal value of Foreign Currency Convertible Bonds of USD 43,999,000 (Rs. 19949.85 Lacs) have become due for redemption on 9th November, 2010 and were not redeemed. These Bonds have redemption premium of USD 19.89 Mn. (Rs. 9017.33 Lacs). The Company was in constructive conversations with the Bond holders for the restructuring of the Bonds. However, as on 31st March, 2011 the same has not yielded any results. Therefore, the Company is in default in the Bond redemption. The Company has provided for these liabilities in its books of accounts along with exchange loss of Rs. 2363.45 Lacs. Further, due to the redemption default, there will be a default interest payable at 8% p.a. from the due date of redemption which has not yet been provided(Rs.620.90 Lacs).

(b) Due to the losses incurred by the company for the year ended 31st March, 2011, the Net Worth of the Company as on 31st March, 2011 has been completely eroded. Therefore, the Directors have formed an opinion that the Company has become a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and it is mandatory under the provisions of the said Act to make a reference to the Board for Industrial and Financial Reconstruction for determining measures that will be adopted with respect to the Company. Under the circumstances, the Directors will make a reference to the Board for Industrial and Financial Reconstruction within the stipulated time after the accounts are adopted by the shareholders in the forthcoming AGM.

(4) Foreign Exchange Transactions

As required by Accounting Standard 11 "the effect of changes in the foreign exchange rates" during the year the company has restated its assets & liabilities at the closing exchange rate prevailing at the Balance Sheet date.

(5) Accounting for investment

The long term investments made by the Company are stated at cost which includes investment made in the Subsidiaries.

The current investments are valued at lower of cost or market value.

(6) Accounting for Employee benefits

Liabilities for gratuity & other retirement benefits are accounted on accrual basis.

All the other borrowing costs are recognized as expenses in the period in which they are incurred.

(7) Segment Reporting as per AS 17

BUSINESS SEGMENTS

The Company is primarily engaged in a single business segment of manufacturing and marketing of Pharmaceutical Formulations and Active Pharmaceutical Ingredients and is managed as one entity, for its various activities and is governed by a similar set of risks and returns.

GEOGRAPHICAL SEGMENTS

In view of the management, the Indian and export markets represent geographical segments.

(Rs.In lacs)

	Segment Revenue	2010-2011	2009-2010
(a)	Exports	8438.28	7190.66
(b)	Local	7105.48	12765.55
	Total	15543.76	19956.21

(8) Related Party Disclosures

As required by Accounting Standard 18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India, list of parties with whom transactions have taken place during the year are as follows:

(a) Key Management Personnel / Directors - Remuneration:

(Rs.In lacs)

		2010-2011	2009-2010
Mark Saldanha		18.30	18.30
V.Nagaraj		13.64	14.71
Total		31.94	33.01

Rent paid to Mr. Mark Saldanha of Rs.102.93 Lacs during the year.

(b) Parties where control exists

Subsidiary companies

Nova Pharmaceuticals Australasia Pty Ltd

Marksans Pharma (UK) Limited

(c) Related party relationships where transaction have taken place during the year

Subsidiary Companies

Nova Pharmaceuticals Australasia Pty Ltd

Marksans Pharma (UK) Limited

d) Transaction with related parties during the year

(Rs.in lacs)

	2010 – 2011	2009-2010
Subsidiary company		
Sale of Finished products	4380.55	1658.43
Balances outstanding at the end of the year		
Receivable from subsidiary	1474.04	484.65

(9) Accounting for Leases

Assets acquired under finance leases are recognised at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Lease rentals in respect of assets taken under operating leases are charged to Profit and Loss Account on a straight line basis over the lease term.

The Company has taken various residential and commercial premises on cancelable operating lease or leave & license agreement .The lease agreement which are non cancelable are for period of three years. The rental expenses of such cancelable operating lease are recognized as rent expenses in the Profit and Loss Account.

The Leasing arrangements, which are cancelable range between 11 months and 3 years, are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally interest free deposits have been given.

10) Earnings per share.

As per Accounting standard 20 "Earnings Per Share" issued by ICAI, basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.

(Amount in Rs.)

	Particulars	2010-11	2009-10
1)	Net profit after tax attributable to equity shareholders (Rs in Lac)	(2177891861)	2898822
2)	Weighted average number of Equity shares of Rs.1 each		
a)	Number of Shares at the beginning of the year of Rs.1 each	367805871	367805871
b)	Number of Shares at the end of the year of Rs.1 each	367807204	367805871
c)	Weighted average number of Equity shares of Rs.1 each	367807204	367805871
3)	Basic earnings per share	(5.92)	0.01
4)	Diluted earnings per Share	(5.92)	0.01

(11) DEFERRED TAX LIABILITY / (ASSET) :

As per Accounting standard 22 "Accounting for taxes on income" issued by ICAI, deferred Income taxes are recognized for the future tax consequence attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities because of a change in tax rates is recognized in the Statement of Profit and Loss using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The major elements of deferred tax liability / (asset) are as under:

(Rs.In Lacs)

	Deferred Tax (Asset)/ Liability As at 1-4-2010	**Current Year charge/(Credit)**	**Deferred Tax (Asset)/ Liability As at 31-03-2011**
Depreciation	1368.90	342.64	1711.54
Provision For Excise Duty	4.67	1.02	5.70
Provision for Doubtful Debts			
Preliminary Expenses Written Off	(1.17)	(0.73)	(1.90)
FCCB Issue cost	(205.04)	-	(205.04)
Provision for Gratuity	(17.36)	3.20	(14.16)
	1150.00	**346.14**	**1496.14**

(12) Impairment of Assets

The company identifies impairable assets at the year end in terms of cash generating unit concept based on para-5 to 13 of AS-28 issued by ICAI for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, if any, when crystallizes is charged against revenue of the year.

During the year under review there are no impaired assets requiring recognition of impairment loss as per Accounting Standard 28"Impairment of Assets" issued by the Institute of Chartered Accountants of India.

(13) AUDITORS REMUNERATION

(Rs.In Lacs)

	31st March, 2011	**31st March, 2010**
Audit Fees	3.37	3.37

(14) DIRECTORS' REMUNERATION

(Rs.In Lacs)

		31st March, 2011	31st March, 2010
	Remuneration paid under Section 198 and Schedule XIII of the Companies Act, 1956 to		
(a)	Managing Director	18.30	18.30
(b)	Other Directors' Remuneration		
	Salaries and Allowances	13.64	14.71
(c)	Directors' Sitting Fees	NIL	NIL
		31.94	**33.01**

(15) COMPUTATION OF NET PROFITS IN ACCORDANCE WITH SECTION 349 OF THE COMPANIES ACT, 1956

(Rs. In lacs)

	2010-11	2009-10
Profit/(Loss) before taxation as per statement of profit & loss	(21294.29)	62.68
Add: Depreciation as per statement of profit and loss	1464.39	983.92
Add: Loss on sale of assets/business as per statement of profit & loss	8021.68	11.18
	(11808.22)	1057.78
Less: Depreciation calculated under Section 350 of the Companies Act, 1956	1464.39	983.92
Adjusted Net Profit as per Section 349 of the Companies Act,1956	(13272.61)	73.86

Due to loss during the period, remuneration paid / payable to the Directors is in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and has been approved by the Remuneration Committee of Directors of the Company.

(16) Security for Loans in Schedule 3 :

(1) Term Loans & Cash Credit from Banks : Secured by mortgage on pari-passu charge basis of the Company's all immovable assets, Present and future, situated at L-82,L-83 Verna(Goa), and Hypothecation of plant and machinery situated at the Company's Manufacturing facilities. Cash Credit from Banks are secured against hypothecation of current assets viz; stock of raw material, packing material, work in progress, receivables.]

(2) Vehicle Loans: Secured by hypothecation of respective vehicle.

(17) The Company has no information as to whether any of its suppliers constitute small scale undertakings and therefore, the amount due to such suppliers has not been identified.

(18) Additional information pursuant to the provisions of paragraphs 3, 4C, 4D of Part II of Schedule VI to the Companies Act, 1956 (figures in brackets relates to the previous year)

(a) Licensed capacity, installed capacity and production (as certified by the management and not verified by auditors, it being technical matter)

Bulk Drugs Division	31st March,2011	31st March, 2010
(1) Installed Capacity:	1140.00 TPA	1140.00 TPA
(2) Actual Production:	74.059 TPA	357.25 TPA.

NOTE: Licensed capacity is not mentioned since the same is not applicable.

Formulations Division

Qty in Lacs

Item	Installed Capacity		Actual Production	
	2010-11	2009-10	2010-11	2009-10
Tablets/ Hard Gel	25200	12600	16952	9102.44
Soft Gel Capsules	6000	6000	443	696.01

Note: The Products of the company are exempt from Licensing Procedures

(b) Opening Stock, Closing Stock and Sales :

(Rs. in lacs)

Opening Stock		Closing Stock		Sales	
Quantity (Units)	Value	Quantity (Units)	Value	Quantity (Units)	Value
* (*)	6238.82 (7167.41)	* (*)	2162.64 (6238.82)	* (*)	15543.76 (19956.21)

* Quantities cannot be aggregated

(c) Consumption of Raw Materials :

(Units)	(Rs. In lacs)
* (*)	4351.85 (3436.29)

* Quantities cannot be aggregated

(d) Value and Percentage of Raw Materials consumed :

	Percentage	Value
	(%)	(Rs. In lacs)
Indigenous	79.86 (61.93)	3,475.52 (2128.01)
Imported	20.14 (38.07)	876.33 (1308.28)

(e) C. I. F. Value of Imports.

- Raw materials	Rs 891.96 Lacs
- Capital Goods/ Spares	Rs. NIL Lacs
- Total forex outflow	**Rs.891.96 Lacs** (Rs 1521.89 Lacs)

(f) Expenditure in Foreign Currency for travelling, brokerage & commission,fees etc. Rs. 104.61 lacs (Rs. 128.90 lacs)

(g) Earnings in foreign currency from exports / other income Rs.8438.28lacs (Rs. 7190.66 lacs)

(19) Figures of the previous year have been regrouped and re-arranged wherever necessary, so as to make them comparable with the current year's figures.

Signatures to Schedule No. 1 to 17

For and on Behalf of
N.K. Mittal & Associates
Chartered Accountant

N.K. Mittal
Proprietor
Membership No: 46785
F. NO. 113281W

Place : Mumbai
Date : 28th May, 2011

For and on behalf of the Board of Directors

Mark Saldanha
Chairman and Managing Director

V. Nagaraj
Whole Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Amount in Rs. '000s)

(a) Registration Details

Registration No.	0 6 6 3 6 4	State Code	1 1
Balance Sheet Date	31 03 2011		

(b) Capital raised during the year

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	1

(c) Position of mobilisation and deployment of funds

Total Liabilities and shareholders funds	5 1 2 4 3 6 6	Total Assets	5 1 2 4 3 6 6
SOURCES OF FUNDS			
Paid-Up Capital	5 0 2 8 0 7	Reserves and Surplus	6 0 3 1 2 3
Secured Loans	1 1 1 7 5 6 8	Unsecured Loans	2 9 0 0 8 6 8
APPLICATION OF FUNDS			
Net Fixed Assets and capital work in progress including advances	1 8 4 9 0 0 5	Investments	6 7 6 1 6 4
Net Current Assets	1 2 2 1 3 6 2	Deferred Tax assets / (Liability)	(1 4 9 6 1 4)
Miscellaneous Expenditure	1 3 1	Accumulated Losses	1 5 2 7 3 1 8

(d) Performance of the Company

Total Revenue	1 5 7 1 2 4 0	Total Expenditure	3 7 0 0 6 6 9
Profit (Loss) before Tax	(2 1 2 9 4 2 9)	Profit (Loss) after Tax	(2 1 7 7 8 9 2)
Basic Earnings per share in Rs.	(5 . 9 2)	Diluted Earning per share in Rs.	(5 . 9 2)
Dividend Rate	NIL		

(e) Generic Names of Three Principal Products / Serviecs of the Company

Item Code No (ITC Code)	Product description
2 9 4 1 9 0 0 3	CIPROFLOXACIN
2 9 4 2 0 0 0 6	RANITIDINE
3 0 0 4 5 0 9 0	SOFT GEL CAPSULE

For and on Behalf of
N.K. Mittal & Associates
Chartered Accountant

For and on behalf of the Board of Directors
Mark Saldanha
Chairman and Managing Director

V. Nagaraj
Whole Time Director

N.K. Mittal
Proprietor
Membership No: 46785
F. NO. 113281W

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Place : Mumbai
Date : 28th May, 2011

Statement of Cash Flow for the year ended as on March 31, 2011

(Amount in Rs.)

	Particulars	For the period ended as on 31.03.2011	For the period ended as on 31.03.2010
A.	**Cash Flow Provided by /(used in) Operating Activities**		
	Profit/(Loss) Before Tax	(2,129,428,677)	6,267,889
	Adjustments to reconcile profit before tax and prior period items to cash provided by operations:		
	Depreciation	146,438,693	98,391,957
	Preliminery & Deferred Revenue Expenses Written off	1,921,016	2,743,096
	Loss on sale of Business/Fixed Assets	802,168,180	1,118,402
	Interest Expenses on term loans	70,090,539	83,185,802
	Interest Receipt	(16,086,877)	(13,082,755)
	Operating Profit before working capital changes	(1,124,897,126)	178,624,392
	(Increase)/Decrease in Curent Assets, Loans & advances		
	Inventories	430,477,081	152,716,306
	Trade and other receivables	(49,728,504)	(163,854,928)
	Loans & Advances	48,451,618	(35,130,677)
	Income Tax Paid	(13,849,293)	
	Deferred Tax Assets	-	-
	Deferred Revenue Expenses	-	-
	Increase/(Decrease) in current liabilities and provisions	(32,527,550)	(16,206,767)
	Net cash used in operating activities	(742,073,774)	116,148,326
B.	**Cash Flow provided by (used in) Investing Activities:**		
	(Purchase)/Sale of Business/Fixed Assets	143,811,632	(251,378,062)
	Investment	100,000,000	(100,580,726)
	Interest Receipt	16,086,877	13,082,755
	Net Cash used in Investing Activities	259,898,509	(338,876,033)
C.	**Cash Flow provided by (used in) Financing Activities:**		
	Increase in Equity Share Capital	1,333	-
	Increase in Share Premium	43,578	(2,152,460)
	Increase in General Reserve	-	164,743,162
	Proceeds/(Repayment) of Secured Loans	(641,799,491)	580,644,729
	Proceeds/(Repayment) of Unsecured Loans	1,131,272,005	(242,291,297)
	Interest Paid	(70,090,539)	(83,185,802)
	Net cash provided by Financing Activities	419,426,886	417,758,332
	Net Increase /(Decrease) in Cash and Bank Balances	**(62,748,379)**	**195,030,625**
	Cash & Bank Balances as at 31.03.2010	325,126,821	130,096,196
	Cash & Bank Balances as at 31.03.2011	262,378,442	325,126,821
		(62,748,379)	(195,030,625)

Notes :

1 The Cash Flow Statement has been prepared under the “Indirect Method” as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

2 The Previous year’s figures have been regrouped wherever necessary in order to conform to this year’s presentation.

For and on behalf of the Board of Directors

Mark Saldanha
Chairman and Managing Director

V. Nagaraj
Whole Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Place : Mumbai, Date : 28th May, 2011

AUDITORS REPORT

We have verified the above Cash Flow Statement of Marksans Pharma Limited. This statement has been prepared by The Company from the audited financial statements for the year ended 31 March 2011. Subject to reallocations made by The Company, we found the same to be in accordance with requirement of Clause 32 of the Listing Agreement with Stock Exchanges.

For and on Behalf of
N. K. Mittal & Associates
Chartered Accountants

N. K. Mittal
Proprietor
Membership No.: 46785
F. No. 113281W

Place: Mumbai
Date : 28th May, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956 RELATING TO HOLDING COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

		Nova Pharmaceuticals Australasia Pty Ltd	Marksans Pharma (UK) Limited (Consolidated)
1	The Financial Year of the Subsidiary companies ended on	31st March, 2011	31st March, 2011
2	Date on Which it become a Subsidiary	1st April, 2006	31st May, 2005
3(A)	Numbers of Shares held by Marksans Pharma Ltd. (Holding Company) in the Subsidiary Companies at the end of the Financial Year of the Subsidiary Companies	90 Equity Shares of A$1 each	1000 Equity Shares of GBP 1 each
3(B)	Extent of Interest of Holding Company at the end of the Financial Year of the Subsidiary Companies	60%	100%
4	The net agreegate amount of the Subsidiary Companies Profit/ (Loss) so far as it concerns Members of the Holding Company and		
	a>. Is not dealt with in the Company's Accounts	-	-
	i>For the Financial Year ended 31st March, 2011	2,08,06,215	(7,53,58,787)
	ii>For the Previous Financial Year since it became Subsidiary	63,26,742	(10,96,59,783)
	b>.No part of the Profit/(Loss) has been dealt within Company's Accounts for the Financial Year or for the previous financial year since ir became Subsidiary		
	Issued and Subscribed Share Capital	4,781	84,840
	Reserve	6,27,81,882	(26,74,88,425)
	Total Assets	15,14,19,396	1,36,27,92,809
	Total Liabilities	15,14,19,396	1,36,27,92,809
	Turnover	31,35,17,717	1,18,52,85,924
	Profit/(loss) before Taxation	5,02,77,985	(7,52,87,406)
	Provision for Taxation	1,56,00,960	71,381
	Profit/(loss) after Taxation	3,46,77,025	(7,53,58,787)
	Proposed Dividend	-	-
	Exchange Rate	43.20 (Avg. Australian $)	71.17 (Avg. GBP)

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MARK SALDANHA
Chairman and Managing Director

V.NAGARAJ
Whole Time Director

HARSHAVARDHAN PANIGRAHI
Company Secretary & Legal Manager

Place : Mumbai
Date : 28th June, 2011

AUDITORS' REPORT

To the Board of Directors of **MARKSANS PHARMA LIMITED**

We have audited the attached Consolidated Balance Sheet of MARKSANS PHARMA LIMITED (the company) and its subsidiaries as at 31st March 2011 and also the Consolidated Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding component. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of a subsidiaries, whose financial statement reflect total assets of Rs.15142.12 Lacs As at 31st March 2011 and total revenues of Rs. 14994.46 for the year ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based on solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of AS-21 on consolidated financial statements issued by the Institute of Chartered Accountants of India.

On the basis of information and explanation given to us and on consideration of separate audit reports on individual audited financial statements of Marksans Pharma Ltd. and its aforesaid subsidiaries, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of Consolidated Balance Sheet, of the state of affairs of Marksans Pharma Ltd. and its subsidiaries as at 31st March, 2011 and

b) In the case of Consolidated Profit and Loss Account, of the Loss of Marksans Pharma Ltd. and its subsidiaries for the year ended 31st March, 2011.

FOR N. K. MITTAL & ASSOCIATES
Chartered Accountants

N. K. MITTAL
(Proprietor)
M. NO. 46785
F. NO. 113281W

Place: Mumbai
Date : 28th June, 2011

Consolidated Balance Sheet as on March 31, 2011

Particulars	Sch. No.	As on 31.3.2011 Amount in Rs	As on 31.3.2010 Amount in Rs
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	**502,807,204**	502,805,871
Reserves & Surplus	2	**621,629,989**	1,108,143,573
Loan Funds			
Secured Loans	3	**1,866,595,983**	2,470,675,868
Unsecured Loans	4	**2,900,868,304**	1,769,596,299
Minority Interest		**25,114,665**	9,137,874
		5,917,016,145	**5,860,359,485**
APPLICATION OF FUNDS			
Fixed Assets (Gross Block)	5	**3,401,340,877**	4,853,977,810
Less: Provison for Depreciation		**615,443,902**	936,779,691
Net block		**2,785,896,975**	**3,917,198,119**
Investments	6	**-**	100,000,000
Current Assets, Loans & Advances			
Inventories	**7**	**672,181,589**	1,045,224,671
Sundry Debtors	**8**	**988,605,711**	947,177,855
Loans & Advances	9	**162,898,837**	211,249,604
Cash & Bank Balances	10	**309,213,686**	355,007,218
Total (A)		**2,132,899,823**	**2,558,659,348**
Current Liabilities			
Current Liabilities & Provisions	11	**620,452,075**	595,462,523
Total (B)		**620,452,075**	**595,462,523**
Net Current Assets (A) - (B)		**1,512,447,748**	**1,963,196,825**
Deferred Tax Assets/(Liability) (Net)		**(157,106,067)**	(122,087,272)
Miscellaneous Expenditure (To the extent not written off)	12	**130,796**	2,051,813
Profit and Loss Accounts		**1,775,646,693**	-
		5,917,016,145	**5,860,359,485**
Notes to the Accounts	17		

For and on Behalf of
N.K.Mittal & Associates
Chartered Accountant

For and on behalf of the Board of Directors

Mark Saldanha
Chairman and Managing Director

V.Nagaraj
Whole Time Director

N.K.Mittal
Proprietor
Membership No: 46785
F. No.113281W

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Place : Mumbai
Date : 28th June, 2011

Consolidated Profit & Loss Account for the period ended as on March 31, 2011

Particulars	Sch. No.	For the period ended 31.3.2011 Amount in Rs	For the period ended 31.3.2010 Amount in Rs
INCOME			
Sales		**3,053,179,821**	3,593,658,056
Other Income	13	**17,506,136**	18,392,965
		3,070,685,957	**3,612,051,021**
EXPENDITURE			
Cost of Sales	14	**2,375,324,676**	2,941,714,888
Administration, Selling & Distribution Expenses	15	**526,227,871**	407,474,382
Interest & Financial Charges	16	**1,102,055,659**	192,311,595
Depreciation	5	**199,751,763**	154,744,948
Exchange Loss/(Gain)		**217,674,893**	3,925,999
Loss on Sale of Fixed Assets		**802,168,180**	1,401,717
Miscelleneous Expenditure Writtern Off		**1,921,016**	2,743,096
		5,225,124,058	**3,704,316,625**
Loss Before Tax		**(2,154,438,101)**	**(92,265,604)**
Provision for Taxation			
- Current Year (Tax Credit in Subsidiary Co.)		**-**	510,245
- Current Year (Tax Provision in Subsidiary Co.)		**(15,600,960)**	(850,000)
- Earlier Years		**(14,017,690)**	(437,342)
- Deferred Tax		**(34,516,875)**	(3,173,686)
Net Profit/(Loss) after Tax		**(2,218,573,626)**	**(96,216,387)**
Less: Minority Interest		**13,870,810**	4,217,828
Balance Profit brought forward		**456,797,743**	557,231,958
Closing Balance Transferred to Balance Sheet		**(1,775,646,693)**	**456,797,743**
Notes to the Accounts	17		

For and on Behalf of
N.K.Mittal & Associates
Chartered Accountant

N.K.Mittal
Proprietor
Membership No: 46785
F. No.113281W

Place : Mumbai
Date : 28th June, 2011

For and on behalf of the Board of Directors

Mark Saldanha
Chairman and Managing Director

V.Nagaraj
Whole Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Schedules Forming Part of the Consolidated Financial Statement as on March 31, 2011

Particulars	As on 31.3.2011 Amount in Rs	As on 31.3.2010 Amount in Rs
Schedule - 1 [SHARE CAPITAL]		
Authorised		
550,000,000 (P.Y. 550,000,000) Equity Shares of Re.1/- each	**550,000,000**	550,000,000
1,400,000 (P.Y. 1,400,000) 7% Redeemable Cumulative Preference Shares of Rs.100/- each	**140,000,000**	140,000,000
	690,000,000	**690,000,000**
Issued, Subscribed and Paid-up.		
367,807,204 (P.Y. 367,805,871) Equity Shares of Re.1/- each	**367,807,204**	367,805,871
13,50,000 (P.Y. 1,350,000)7% Redeemable Cumulative Preference Shares of Rs.100/- each	**135,000,000**	135,000,000
	502,807,204	**502,805,871**
Schedule - 2 [RESERVES & SURPLUS]		
Capital Reserves	**122,500**	122,500
General Reserves	**167,411,324**	167,411,324
Share Premium	**435,588,795**	435,545,217
Exchange fluctuation a/c	**18,507,370**	48266789
Profit & Loss Account - Opening Balance	**-**	557,231,958
Add: Transferred During the Year	**-**	(100,434,215)
	621,629,989	**1,108,143,573**
Schedule - 3 [SECURED LOANS]		
Term Loan	**706,056,468**	1,455,560,075
Working Capital Facilities	**1,159,823,801**	1,014,409,406
Other Loans (Vehicle Loans)	**715,714**	706,387
	1,866,595,983	**2,470,675,868**
Schedule - 4 [UNSECURED LOANS]		
Foreign Currency Convertible Bonds	**2,896,718,304**	1,758,680,000
Deposits & Others	**4,150,000**	10,916,299
	2,900,868,304	**1,769,596,299**

Schedules Forming Part of the Consolidated Financial Statements as on March 31, 2011

Schedule - 5 [FIXED ASSETS]

(Amount in Rs.)

Particulars	Gross Block				Depreciation/Amortisition				Net Block	
	As on 31.03.2010	Additions/ Aquired	Sales/ Dedn.	As on 31.03.2011	Upto 31.03.2010	Depreciation for the year	Wr.Back	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land	19,547,708	-	9,881,868	9,665,840	-	-	-	-	9,665,840	19,547,708
Building	889,486,049	1,994,002	514,985,049	376,495,002	114,387,862	16,926,057	79,878,384	51,435,535	325,059,467	775,098,187
Plant & Machinery	1,684,443,647	41,149,037	1,022,431,135	703,161,549	707,540,616	48,139,037	431,164,883	324,514,770	378,646,779	976,903,031
Computer & Software	26,654,898	355,630	1,418,236	25,592,292	13,572,664	4,166,159	1,418,236	16,320,587	9,271,705	13,082,234
Office Equipments	7,045,609	239,413	1,917,866	5,367,156	2,416,577	574,971	410,669	2,580,879	2,786,277	4,629,032
Furnitures & Fixtures	32,931,556	1,895,792	25,208,307	9,619,041	8,019,624	1,121,531	6,158,261	2,982,894	6,636,147	24,911,932
Vehicles	12,845,625	551,898	2,891,276	10,506,247	6,172,786	1,166,806	2,029,335	5,310,257	5,195,990	6,672,839
Intangible Assets				-						
Goodwill	452,659,117	-	-	452,659,117	47,060,844	20,346,730	-	67,407,574	385,251,543	405,598,273
Formation Expenses				-				-	-	-
Prescription Product Licences	344,737,793	-	-	344,737,793	37,455,207	16,549,454	-	54,004,661	290,733,132	307,282,586
OTC Product Licences	1,223,475	799,644	-	2,023,119	125,727	137,018	-	262,745	1,760,374	1,097,748
Internally Generated *	1,382,374,549	79,139,172	-	1,461,513,721	-	90,624,000	-	90,624,000	1,370,889,721	1,382,374,549
DMF/ANDA and Others										
Total	**4,853,950,026**	**126,124,588**	**1,578,733,737**	**3,401,340,877**	**936,751,907**	**199,751,763**	**521,059,768**	**615,443,902**	**2,785,896,975**	**3,917,198,119**
Previous Year	*4,591,036,961*	*271,198,669*	*8,257,821*	*4,853,977,810*	*786,389,860*	*154,744,948*	*4,355,117*	*936,779,691*	*3,917,198,119*	*3,804,647,101*

* Refer Note No. 2(c)-2 of Schedule 17

Particulars	As on 31.3.2011 Amount in Rs	As on 31.3.2010 Amount in Rs
Schedule - 6 [INVESTMENT]		
Investment in Mutual Fund-SBI Premier Liquid fund	-	100,000,000
	-	**100,000,000**
Schedule - 7 [INVENTORIES]		
Raw Material, Packing Material, Work-in-Process, Finished Goods & Other Materials	**672,181,589**	1,045,224,671
	672,181,589	**1,045,224,671**
Schedule - 8 [SUNDRY DEBTORS]		
Debtors (Unsecured and Considered good)	**988,605,711**	947,177,855
	988,605,711	**947,177,855**
Schedule - 9 [LOANS AND ADVANCES]		
(Unsecured and considered good)		
Advances (recoverable in cash or kind or value to be received)	**125,084,920**	163,126,754
Balances with Excise Authorities	**22,161,576**	41,184,006
Deposits	**15,652,341**	6,938,844
	162,898,837	**211,249,604**
Schedule - 10 [CASH AND BANK BALANCES]		
Cash in Hand	**383,127**	255,861
Balance with Scheduled Banks in Current Account	**61,943,655**	120,868,957
Deposits with Banks	**246,886,904**	233,882,400
	309,213,686	**355,007,218**
Schedule - 11 [CURRENT LIABILITIES]		
Sundry Creditors & Other Liabilities	**610,683,775**	594,612,523
Provision for Taxation	**9,768,300**	850,000
	620,452,075	**595,462,523**

Schedules Forming Part of the Consolidated Financial Statement as on March 31, 2011

Particulars	As on 31.3.2011 Amount in Rs	As on 31.3.2010 Amount in Rs
Schedule - 12 [MISCELLANEOUS EXPENDITURE]		
(To the Extent not Written off)		
Preliminary Expenses	**130,796**	365,679
Product launch, Investigation and Registration Expenses	**-**	1,686,134
	130,796	**2,051,813**
Schedule - 13 [OTHER INCOME]		
Insurance Claim Received	**-**	2,954,586
Interest Received	**16,729,122**	15,438,379
Interest on Income Tax Refund	**711,908**	-
Short Term Profit on sale of Mutual Fund	**65,106**	-
	17,506,136	**18,392,965**
Schedule - 14 [COST OF SALES]		
Purchase	**1,175,376,502**	1,684,691,711
(Increase)/Decrease in Inventories	**(4,533,490)**	158,302,161
Net Raw Material Consumption	**857,112,394**	723,915,987
Water Charges	**6,310,995**	6,584,567
Power & Fuel	**43,542,942**	53,918,101
Excise Duty Paid	**7,399,150**	18,135,085
Freight Inward & Raw Material Clearing Charges	**38,409,002**	50,061,591
Salaries, Wages, Allowances & Staff Welfare	**202,662,204**	206,839,447
Repairs & Maintenance of Production Facility (Plant)	**15,239,234**	16,546,490
Other Manufacturing Expenses	**33,805,744**	22,719,748
	2,375,324,676	**2,941,714,888**
Schedule - 15 [ADMIN., SELLING & DISTRIBUTION EXPENSES]		
Rent, Rates & Taxes	**27,022,394**	30,015,496
Salaries & Allowances	**143,029,586**	141,312,565
Staff Welfare	**8,558,174**	5,677,977
Directors' Remuneration	**8,311,233**	9,667,350
Travelling Expenses	**13,937,025**	14,778,205
Communication Expenses	**4,989,914**	4,419,012
Courier & Postage Expenses	**3,229,751**	3,133,159
Printing & Stationery	**5,483,757**	4,711,611
Repairs & Maintenance (others)	**2,495,034**	5,654,913
Audit Fees	**2,257,405**	2,649,083
Vehicle Expenses & Local Conveyance	**7,219,639**	8,193,783
Legal & Professional Fees	**30,997,551**	31,072,632
Office Expenses	**2,422,711**	3,484,243
Insurance Charges	**10,964,283**	13,837,829
Other Operating Expenses	**51,753,031**	43,724,113
Freight Outward & Export Clearing Expenses	**79,660,245**	32,334,429
Selling & Distribution Expenses	**123,896,138**	52,311,886
Research & Development Expenses	**-**	496,096
	526,227,871	**407,474,382**
Schedule - 16 [INTEREST & FINANCIAL CHARGES]		
Interst on Term Loans	**87,646,737**	121,862,776
Interest on Working Capital, Other Interest & Bank charges	**112,675,676**	70,448,819
Redemption premium on Foreign Currency Convertible Bond	**901,733,246**	-
	1,102,055,659	**192,311,595**

Schedules Forming Part of the Consolidated Financial Statement as on March 31, 2011

17) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

(1) **PRINCIPLE OF CONSOLIDATION**

a. The consolidated financial statements of Group have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

b. The Consolidated Financial Statement envisages combining of financial statement of Marksans Pharma Limited and its following subsidiaries.

Name of Subsidiary	Country of Incorporation	Percentage of Ownership
(1) Nova Pharmaceuticals Australasia Pty Ltd	Australia	60%
(2) Marksans Pharma (UK) Limited a) Relonchem Limited. b) Marksans Holdings Limited. -Bells Sons and Co. (Druggists) Limited	UK	100%

c. Assets and Liabilities of foreign subsidiary are translated into Indian Rupees at the rate of exchange prevailing as at the Balance Sheet Date

Revenues and expenses are translated into Indian Rupees at average exchange rates prevailing during the year and the resulting net transaction adjustment has been adjusted to reserve.

d. The difference between the costs to the Company of its investment in the subsidiary companies over the Company's portion of equity is recoginised in the financial statements as Goodwill or Capital Reserve.

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) Accounting Standards

The Accounts have been prepared to comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

(b) Basis of Accounting

The financials are prepared under the Historical Cost Convention on an accrual basis and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in Section 211(3C) of the Companies Act, 1956.

(c) Fixed Assets

1. Fixed assets are stated at cost along with costs directly attributable to bring the assets to their working condition as reduced by CENVAT credit and Input VAT.

2. Intangibles:

   - **Internally Generated Intangible Assets- ANDA/Market Authorisations / Site Variation Licenses for CRAMS:**

     ANDA/Market Authorisation / Site Variation Licenses for CRAMS costs represent expenses incurred on development of process/product and compliance with regulatory procedures of the US FDA and other Global Health Authorities in filing of Abbreviated New Drug Applications ("ANDA"), Market Authorisation / Site Variation Licenses for CRAMS and MHRA procedure for Market Authorisation/Site Variation Licenses.

     This is in accordance with the requirements of Accounting Standard 26 of the Institute of Chartered Accountants of India.

     The Cost of each ANDA/MA/ Site Variation Licenses for CRAMS is amortised to the extent of recovery of developmental costs as applicable as per terms of agreement or over a period of ten years from the date on which the product covered by ANDA / Market Authorisations / Site Variation Licenses for CRAMS is Commercially marketed, whichever is earlier.

   - **Product Development Costs:**

     Product Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

     Any expenditure carried forward is amortised over the period of expected future economic benefit from the related project, not exceeding ten years.

(d) Depreciation

Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs from time to time. Leasehold land is not amortised.

Amortization on goodwill arising on consolidation is provided straight line basis @ 5%.

(e) Impairment of Assets

The Company identifies impairable assets at the year end in terms of cash generating unit concept based on para-5 to 13 of AS-28 issued by ICAI for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, if any, when crystallizes is charged against revenue of the year.

(f) Expenditure during construction period

In case of new projects and substantial expansion of existing factories, expenditure incurred including financing costs prior to commencement of commercial production is capitalized. All pre-operative and trial run expenditure accumulated as Capital Work in Progress is allocated on a pro-rata basis depending on the prime cost of the assets.

(g) Inventories

Inventories are valued at the lower of cost (net of CENVAT Credit and Input VAT) or Net Realisable Value as under :

Raw materials, Packing Material and Stores – At Weighted Average Cost on FIFO basis.

Work in Process - At Cost (Direct Cost plus Conversion Cost) upto estimated stage of completion.

By-Products - At Net Realisable Value.

Finished Goods - At Cost (Direct Cost plus Conversion Cost and Excise Duty) or Net Realisable Value, whichever is lower.

(h) Customs / Excise duty

Excise Duty on Finished goods and Custom Duty on imported materials are accounted on production of packed finished goods / receipt of material in Customs bonded warehouses. All the closing stock of finished goods lying at Goa factory is for export, hence Provision for Excise duty does not arise.

(i) Foreign Currency Transaction

Purchase of imported raw materials, capital goods and components are accounted based on presentation memos from bank on the date of the transaction. In respect of liabilities on imports of raw materials, capital goods and components for which invoices /bills are not received, the liability is accounted based on the exchange rates prevailing on the date of the balance sheet.

Export Sales of finished goods are accounted on the basis of export invoices on the invoice date. In respect of the unrealised exports, the receivables are accounted based on the exchange rates prevailing on the date of the balance sheet.

(j) Miscellaneous Expenditure

Expenditure on launch of new products and their sales promotion and expenditure for registration and for obtaining regulatory approvals for products for overseas market are being amortised over a period of 60 months.

(k) Research and Development

Capital expenditure on research and development is capitalized as fixed assets. Other expenditure on R&D is expensed as incurred.

(l) Investments

Long Term Investments are stated at cost.

(m) Gratuity

Gratuity is accounted on accrual basis.

(n) Revenue Recognition

The company recognizes sale of goods on the invoice date. Sales comprise of amounts invoiced for goods sold, including excise duty but net of returns and trade discounts.

Dividend Income is accounted when right to receive dividend is established.

(o) Income Tax

Current Year:

Provision for current tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

Deferred Tax:

Deferred Income taxes are recognized for the future tax consequence attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities because of a change in tax rates is recognized in the Statement of Profit and Loss using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainity that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(3) CONTINGENT LIABILITIES

(Rs.In Lacs)

		31st March, 2011	31st March, 2010
(a)	In respect of Letters of Credit & Bank Guarantees issued by the Company's Bankers :	1558.83	178.17
(b)	Disputed Taxes/Dues	NIL	NIL
(c)	Sales Tax (BST, CST) – 03-04	11.51	-
(d)	Sales Tax (BST, CST) – 04-05	7.62	-

(a) The current outstanding of principal value of Foreign Currency Convertible Bonds of USD 43,999,000 (Rs. 19949.85 Lacs) have become due for redemption on 9th November, 2010 and were not redeemed. These Bonds have redemption premium of USD 19.89 Mn. (Rs. 9017.33 Lacs). The Company was in constructive conversations with the Bond holders for the restructuring of the Bonds, however as on 31st March, 2011 the same has not yielded any results. Therefore, the Company is in default in the Bond redemption. The Company has provided for these liabilities in its books of accounts along with exchange loss of Rs. 2363.45 Lacs. Further, due to the redemption default, there will be a default interest payable at 8% p.a. from the due date of redemption which has not yet been provided (Rs.620.90 Lacs).

(b) Due to the losses incurred by the Company for the year ended 31st March, 2011, the Net Worth of the Company as on 31st March, 2011 has been completely eroded. Therefore, the Directors have formed an opinion that the Company has become a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and it is mandatory under the provisions of the said Act to make a reference to the Board for Industrial and Financial Reconstruction for determining measures that will be adopted with respect to the Company. Under the circumstances, the Directors will make a reference to the Board for Industrial and Financial Reconstruction within the stipulated time after the accounts are adopted by the shareholders in the forthcoming AGM.

(4) AUDITORS REMUNERATION

(Rs.In Lacs)

	31st March, 2011	31st March, 2010
Audit Fees	22.57	26.49

(5) DIRECTORS' REMUNERATION

(Rs.In Lacs)

	31st March, 2011	31st March, 2010
Remuneration paid under Section 198 and Schedule XIII of the Companies Act, 1956 to		
(a) Managing Director	18.30	18.30
(b) Other Directors' Remuneration Salaries and Allowances	64.81	78.37
(c) Directors' Sitting Fees	Nil	Nil
	83.11	**96.67**

(6) Security for Loans in Schedule 3 :

(1) Term Loans & Cash Credit from Banks: Secured by mortgage on *pari-passu* charge basis of the Company's all immovable assets, present and future, situated at L-82,L-83 Verna(Goa), and hypothecation of plant and machinery situated at the Company's manufacturing facilities. Cash Credit from Banks are secured against hypothecation of current assets viz; stock of raw material, packing material, work in progress, receivables.

(2) Vehicle Loans: Secured by hypothecation of respective vehicle.

(3) Term loan of £ 5.95 million (Previous Year £11 million) taken under Marksans Pharma UK Limited, the loan is secured by corporate guarantee provided by the parent company and a pledge of shares in Marksans Holding Limited & Relonchem Limited.

(4) Working capital loans taken under Bells Sons and Co.(Druggists) Limited & Relonchem Limited are secured by Corporate Guarantee provided by the parent company.

(7) Figures of the previous year have been regrouped and re-arranged wherever necessary, so as to make them comparable with the current year's figures.

(8) Information of Subsidiaries:

PARTICULARS	Currency	Bell Sons & Co (Druggists) Limited	Relonchem Limited	Marksans Pharma U.K. Limited	Marksans Pharma U.K. Limited Consolidated	Currency	NOVA Pharmace-uticals Australasia Pty Ltd
Capital	GBP	6334	1000	1000	1000	AUD	150
	RS.	460449	72695	72695	84840	RS.	4781
Reserve	GBP	7235368	3206711	(1237561)	(3688487)	AUD	1382435
	RS.	525974353	233111535	(89964373)	(267488425)	RS.	62781882
Total Assets	GBP	12690956	5488058	17940886	18147826	AUD	3278594
	RS.	922567777	398953828	1304210914	1362792809	RS.	151419396
Total Liabilities	GBP	12690956	5488058	17940886	18147826	AUD	3278594
	RS.	922567777	398953828	1304210914	1362792809	RS.	151419396
Investment	GBP	-	-	-	-	AUD	-
	RS.	-	-	-	-	RS.	-
Turnover	GBP	11292001	5360419	-	16652420	AUD	7256162
	RS.	803742046	381543878	-	1185285924	RS.	313517717
Profit/(Loss) Before Taxation	GBP	228272	(637879)	(648128)	(1057735)	AUD	1163651
	RS.	16247980	(45402959)	(46132427)	(75287406)	RS.	50277985
Provision for Taxation	GBP	1363	(2366)	-	(1003)	AUD	(361074)
	RS.	97016	(168397)	-	(71381)	RS.	(15600960)
Profit/(Loss) After Taxation	GBP	229635	(640245)	(648128)	(1058737)	AUD	802577
	RS.	16344996	(45571356)	(46132427)	(75358787)	RS.	34677025

Signatures to Schedule No. 1 to 17

For and on Behalf of
N.K. Mittal & Associates
Chartered Accountant

N.K. Mittal
Proprietor
Membership No: 46785
F. NO. 113281W

Place : Mumbai
Date : 28th June, 2011

For and on behalf of the Board of Directors

Mark Saldanha
Chairman and Managing Director

V. Nagaraj
Whole Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Statement of Consolidated Cash Flow for the period ended as on March 31, 2011

	Particulars	For the period ended as on 31.03.2011	31.03.2010
A.	**Cash Flow Provided by /(used in) Operating Activities**		
	Profit/(Loss) After Tax	**(2,23,24,44,436)**	(10,04,34,216)
	Adjustments to reconcile profit before tax and prior period items to cash provided by operations:		
	Depreciation	**19,97,51,763**	15,47,44,948
	Preliminery & Deferred Revenue Expenses Written off	**19,21,016**	27,43,096
	Excahnge Fluctuation Reserve	**(2,97,59,419)**	4,59,21,357
	Loss on sale of Fixed Assets	**80,21,68,180**	14,01,717
	Interest Expenses on term loans	**8,76,46,737**	12,18,62,776
	Interest Receipt	**(1,67,29,122)**	(1,54,38,379)
	Operating Profit before working capital changes	**(1,18,74,45,281)**	21,08,01,299
	(Increase)/Decrease in Curent Assets, Loans & advances		
	Inventories	**37,30,43,082**	14,55,74,305
	Trade and other receivables	**(4,14,27,856)**	6,96,37,989
	Loans & Advances	**4,83,50,767**	(3,57,74,695)
	Income Tax Paid	**-**	-
	Deferred Tax assets	**3,50,18,795**	25,00,156
	Deferred Revenue Expenses	**-**	-
	Minority Interest	**1,59,76,791**	22,37,300
	Increase/(Decrease) in current Liabilities and provisions	**2,49,89,552**	(22,57,81,383)
	Net cash used in operating activities	**(73,14,94,150)**	16,91,94,971
B.	**Cash Flow provided by (used in) Investing Activities:**		
	(Purchase)/Sale of Business/Fixed Assets	**12,93,81,202**	(26,86,97,682)
	Investment	**10,00,00,000**	(10,00,00,000)
	Interest Receipt	**1,67,29,122**	1,54,38,379
	Net Cash used in Investing Activities	**24,61,10,324**	(35,32,59,303)
C.	**Cash Flow provided by (used in) Financing Activities:**		
	Increase in Equity Share Capital	**1,333**	-
	Increase in Preference Share Capital	**-**	-
	Increase in Share Premium	**43,578**	(21,52,460)
	Increase in General Reserve	**-**	16,47,43,162
	Fees paid for Increase in Paid up Capital	**-**	-
	Proceeds/(Repayment) of Secured Loans	**(60,40,79,885)**	51,85,46,395
	Proceeds/(Repayment) of Unsecured Loans	**1,13,12,72,005**	(24,36,40,957)
	Dividend Paid	**-**	-
	Interest Paid	**(8,76,46,737)**	(12,18,62,776)
	Net cash provided by Financing Activities	**43,95,90,294**	31,56,33,364
	Net Increase /(Decrease) in Cash and Bank Balances	**(4,57,93,532)**	13,15,69,032
	Cash & Bank Balances as at 31.03.2010	**35,50,07,218**	22,34,38,186
	Cash & Bank Balances as at 31.03.2011	**30,92,13,686**	35,50,07,218
		(4,57,93,532)	13,15,69,032

Notes :

1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

2 The Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

For and on behalf of the Board of Directors

Mark Saldanha
Chairman and Managing Director

V. Nagaraj
Whole Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Place : Mumbai, Date : 28th June, 2011

AUDITORS REPORT

We have verified the above Cash Flow Statement of Marksans Pharma Limited. This statement has been prepared by The Company from the audited financial statements for the year ended 31 March 2011. Subject to reallocations made by The Company, we found the same to be in accordance with requirement of Clause 32 of the Listing Agreement with Stock Exchanges.

For and on Behalf of
N. K. Mittal & Associates
Chartered Accountants

N. K. Mittal
Proprietor
Membership No.: 46785
F. No. 113281W

Place: Mumbai
Date : 28th June, 2011

NOTES

MARKSANS PHARMA LIMITED

Regd. Office : 11th Floor, Lotus Business Park, Off New Link Road, Andheri (W), Mumbai - 400 053.

ATTENDANCE SLIP

Regd Folio No. / Client & D.P. I.D. ______________________ No. of Shares held ______________________

I hereby record my presence at the 19th Annual General Meeting of the Company at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai - 400 053, on Thursday, the 29th September, 2011 at 10.30 a.m.

Member(s) / Proxy Name Member(s) / Proxy Signature

Note: Please sign this attendance slip and hand over at the entrance of the meeting hall.

MARKSANS PHARMA LIMITED

Regd. Office : 11th Floor, Lotus Business Park, Off New Link Road, Andheri (W), Mumbai - 400 053.

FORM OF PROXY

Regd Folio No. / Client & D.P. I.D. ______________________ No. of Shares held ______________________

I/We ____

of ____

______________________________ being a Member/Members of **Marksans Pharma Limited** hereby appoint ______________________________ of ______________________________

or failing him ______________________________ of ______________________________

as my/our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held on Thursday, the 29th September, 2011 at 10.30 a.m. and at any adjournment thereof.

Affix Re. 1/- Revenue Stamp

Signature

Signed this ____________ day of ______________________, 2011

Vision

To become a fully integrated formulation development, manufacturing and marketing company globally.

Mission

Health Care in Safe Hands

Book Post

Marksans Pharma Limited

www.marksanspharma.com